CITY OF HURST, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2016

Prepared by:

City of Hurst, Texas
Finance Department

CITY OF HURST
TEXAS

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INTRODUCTORY SECTION

CITY OF HURST
TEXAS

February 28, 2017

Honorable Mayor and City Council Members
City of Hurst
Hurst, Texas

The Comprehensive Annual Financial Report (CAFR) of the City of Hurst, Texas (City) for the fiscal year ended September 30, 2016 is attached. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in the report.

This document is organized as prescribed by Governmental Accounting Standards Board pronouncement #34 (GASB 34). Accounting standards require the inclusion of a narrative introduction and an overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A, which is located immediately following the independent auditor's report.

The CAFR is presented in three parts comprised of the Introductory, Financial, and Statistical sections. The Introduction includes the transmittal letter, the City's organizational chart, and a list of principal officials. The Financial section includes the MD&A, government-wide financial statements, the fund financial statements and notes, combining statements and individual fund schedules, as well as the independent auditor's report on the financial statements and schedules. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. In the future, the City will implement and incorporate new GASB pronouncements in the financial statements and notes according to their effective dates.

REPORTING ENTITY AND ITS SERVICES

Voters adopted the City of Hurst Home Rule Charter on December 29, 1956. The City operates under a Council-Manager form of government with the City Council consisting of a Mayor and six Council members elected at-large. The City provides a full range of services, including public safety (police, fire, emergency medical protection, and animal services), municipal court, streets and drainage, engineering, traffic and transportation, water distribution, contracted sewer treatment, contracted sanitation, health, parks, recreation, senior activities, library, conference center, public improvements, building inspections, neighborhood services, development, and general administrative services. The Hurst-Euless-Bedford, Birdville, and Grapevine-Colleyville Independent School Districts provide elementary and secondary education services within the City. The Tarrant County College Northeast Campus and a Dallas Baptist University satellite campus are also located within city limits.

ECONOMIC CONDITION AND OUTLOOK

The City of Hurst is located in north central Texas, in northeast Tarrant County, approximately nine miles from downtown Fort Worth and eighteen miles from downtown Dallas on SH-121, Airport Freeway (also known as the North Tarrant Express). Hurst's centralized location provides quick access to both Dallas and Fort Worth metropolitan areas and is fifteen minutes away from one of the World's busiest airports, D/FW International. The City has a total land area of 10.2 square miles and is 98% developed.

The political environment in Hurst has earned the reputation of a City Council having a professional and sincere approach with tenure providing a high degree of stability. Hurst's six at-large Council members and Mayor are very supportive of staff. They are open to receiving input from the public through surveys, town hall meetings and public hearings. The political stability exhibited by the City Council translates into sound policy direction that is carried out by the City's management team. The Council's policy direction has maintained the City's competitive

advantage and high quality of life. In 2013, Hurst's Council was named the Council of the Year by the Texas City Management Association.

The City of Hurst's economic condition remains stable as property values remain strong and as new businesses continue to move into the City. This strength and stability allowed the City to maintain its core services while enhancing select programs/services in fiscal year 2015-2016, including the grand openings of the Hurst Justice Center and the newly remodeled Chisholm Aquatics Center. Appraised property values are nearing the highs seen before the onset of the Great Recession in Tax Year 2008. Despite a strong housing market, the slight decline experienced in Tax Year 2015 was due in large part to delays in updating appraised values as a result of a major software conversion by Tarrant Appraisal District. Recent home sales in Hurst demonstrate that homes are selling quickly, and the average home value has increased from $140,000 in 2015 to $172,000 in 2016. Hurst remains a major retail-commercial center in the Tarrant County area. North East Mall, a regional shopping destination, and a number of quality shopping centers throughout the City provide sales tax revenue equaling approximately 28% of the revenues for the General Fund. Excluding one-time adjustments, sales tax revenues have increased on average 2.4% per year over the last five fiscal years. While four of these fiscal years reflected positive growth, sales tax revenues did fall slightly in fiscal year 2012-2013 as highway construction near the City's major retail centers was underway. Based upon favorable economic development activity, a strong housing market, and a diverse retail base, the City's adopted budget for next year includes an estimated 5% increase in sales tax earnings.

While retail occupancy remained high, the City also welcomed 132 new businesses to town in 2015-2016. The North East Mall and The Shops at Northeast Mall both ended the year at 100% occupancy, including 8 new store openings. The Shops at Hurst is a new 90,000 square foot shopping center located at the intersection of Precinct and Pipeline Roads. Retailers at The Shops at Hurst include Wal-Mart Neighborhood Market, Advance Auto Parts and Dollar Tree. The Shops at Hurst continue the City's redevelopment efforts east on Pipeline Road. Pipeline Road will be completely reconstructed over the next three to five years, and a redevelopment study targeting the southeast Hurst is currently under way. A new Natural Grocers opened on Grapevine Highway, while 12 new restaurants, including Pollo Tropical, Slim Chickens and Pollo Loco, opened throughout North and South Hurst. iFly, a new indoor skydiving facility, expanded the City's entertainment options.

Several factors support the City's continued financial strength: a half percent (half-cent) sales tax for crime control and prevention purposes; a half percent (half-cent) sales tax for Community Services projects; a strong retail base producing sales tax revenues; strong property valuations; and the City's overall fiscal approach. While all of the above factors are important, sales tax revenue has traditionally served as a key economic barometer, and the City's ongoing economic development efforts in the retail sector have strengthened this important revenue source. Annual sales tax revenue collected by the General Fund has grown by approximately $1.5 million from the low seen in fiscal year 2009-2010 during the Great Recession. General Fund sales tax receipts for fiscal year 2015-2016, prior to economic development agreement adjustments, increased by 4% over fiscal year 2014-2015 and were approximately $1.7 million over budget. The City's financial policies call for the annual sales tax budget to be conservatively calculated. This generally means the proposed budget is set at an amount equal to prior year returns minus a budgeted contingency or reserve, which is usually $500,000 to $1,000,000. The budget reserve is set aside for potential economic downturns. This conservative approach is also incorporated into the City's multi-year financial planning, with sales tax revenues calculated based on flat to moderate growth projections. The benefits of this conservative approach are reflected in the strength of the included financial statements and the City's bond ratings.

Ad valorem property tax revenue is also a primary revenue source for General Fund operations. Appraised values have increased approximately 21% over the last ten years (Tax Year 2006 to Tax Year 2016), and approximately 22% from the low seen during the great recession in Tax Year 2011. Appraised values increased approximately 13% in Tax Year 2016. This increase was the result of continued strength in the housing market and updating appraisals that were held flat during TAD's software conversion in Tax Year 2015. To adhere to the City's conservative approach and to provide tax relief to our citizens, we budgeted a 3% increase in property tax revenues in fiscal year 2016-2017, while lowering our tax rate from $0.61056 to $0.5879 per $100 valuation. Further, to take advantage of low interest rates and to allow more property tax revenue to be directed to General Fund operations, the City refinanced outstanding debt in six out of the last eight fiscal years. Going forward, the City will incorporate both optimistic and worst-case property value projections in its strategic planning process and will consider potential tax rate changes accordingly.

Over the past several years, as part of its "Transforming Hurst" redevelopment initiative, the City has constructed a new fire station, senior center, and conference center. The City has also completely remodeled its

Justice Center and Chisholm Aquatics Center. These facilities have spurred surrounding private sector development. For example, an independent living complex was constructed near the senior center and reached full occupancy in 2015. And just east of this project, a new Wal-Mart Neighborhood Market and surrounding retailers opened in 2016. Also, a Hilton Garden Inn is currently under construction that will connect to the Hurst Conference Center. And, now that the state-managed North Tarrant Express highway expansion project is complete in Hurst, several new businesses have opened up alongside the highway, including In-N-Out Burger, Golden Chick, Dairy Queen, Pollo Tropical, and a Wells Fargo branch. In addition to these new businesses, the highway expansion also provides more efficient traffic flow to North East Mall and other Hurst destinations.

The General Fund budget for fiscal year 2016-2017 increased by 3.83% over the previous year's adopted budget. The main drivers of this increase are salary adjustments, including a 3% cost of living increase, rising health care costs, operating costs for two newly remodeled aquatics centers, the purchase of new equipment, and a street system inventory. The increase in expenditures is offset by the budgeted increase in property tax revenues, sales tax revenues, and charges for services.

The City has developed a proactive, multi-level Fiscal Management Plan that has been utilized during times of financial instability over the past ten years. Level 1 is the base level of the plan, but it can be escalated up to Level IV as economic conditions warrant. For example, during the Great Recession, the City implemented selected portions of Levels III and IV in March 2009 until mid-2011. As a result, fees were analyzed and increased where appropriate, vacant positions were frozen or removed from the budget, new revenue sources were identified and created, and mandatory budget reductions were implemented. Because sales tax collections have fallen short of expectations through the first five months of fiscal year 2016-2017, elements of the fiscal management plan have been implemented including City Manager sign-off on all requests for capital expenditures and posting of vacant positions. The City Manager and Fiscal Services' staff will continue to monitor revenues/expenditures daily and take appropriate actions as economic conditions change. This conservative and proactive approach provides financial stability and allows the City to maintain quality services and programs.

MAJOR INITIATIVES

FISCAL YEAR 2015-2016 - During the past fiscal year, the City of Hurst implemented and completed several major projects and programs. Departmental missions and programs are highlighted as follows:

The Public Services Department is dedicated to providing a broad range of support services to staff and citizens through the Legislative and Public Information Divisions. The Legislative Division worked to effectively represent the residents of Hurst and improve the quality of life throughout the City. The Hurst City Council remains engaged with both U.S. and state congressional leaders while also actively participating in professional associations like the Texas Municipal League (TML) and the National League of Cities (NLC). Duties of the Public Information Division include the administration of elections, timely preparation of agendas and minutes to accurately record the proceedings of City Council meetings, and the oversight of public records. In 2015-2016, the Public Information Division conducted a general election, updated the City's electronic code of ordinances, managed the board, commission and committee applicant process, and coordinated onsite records management training.

The Administration Department effectively executes City Council policies, programs and directives, conducts City operations in an efficient and effective manner and responds promptly to citizen inquiries and requests. In 2015-2016, Administration coordinated strategic planning sessions with Council and Executive Directors in March/April to kick-off the annual budget preparation process. Administration also continued its leadership and management development programs. Through these programs, employees are selected using an application and management screening process and are offered specialized training and mentorship opportunities to insure the organization's next generation of leaders are well-prepared. The City's leadership development program provided me the opportunity to promote from Assistant City Manager to City Manager upon the retirement of Allan Weegar, who served as City Manager from 1997 to 2016. The city management transition took place on July 15, 2016.

The General Services Department includes the Equipment Services, Utility Billing and Judicial Divisions. Equipment Services supports all City Departments by maintaining, repairing and replacing City equipment. Equipment Services is responsible for 270 pieces of equipment, and in 2015-2016 they replaced 17 pieces of equipment and performed preventive maintenance on approximately 600 pieces of equipment. Utility Billing oversees billing/collections for water, wastewater, sanitation and recycling services offered by the City. Staff reads over 12,000 meters each month. In 2015-2016, Utility Billing continued its customer service courtesy calls in an

effort to lower the number of customers who are disconnected for late payment and changed out approximately 1,200 aging meters throughout the City. The Judicial Division provides just and impartial disposition of all cases filed in the Hurst Municipal Court. In 2015-2016, the Judicial Division continued its efforts to improve operational effectiveness and efficiency by cross-training employees, implementing a new multi-agency payment system, connecting to external networks such as the Texas Department of Public Safety to improve information sharing, and engaging a new collection agency.

The Community and Economic Development Divisions seek to expand the local economy by retaining existing businesses and attracting new businesses to Hurst. As evidence of their efforts, business occupancy has reached 94.5% of capacity and a national survey recently ranked Hurst as the top City in the Dallas/Fort Worth metroplex for business friendliness. Because Hurst is reaching full build-out, in 2015-2016 this Division pursued creative redevelopment efforts, such as adding a Slim Chickens restaurant to a minimally used Target overflow parking area and working with property owners on redeveloping existing businesses including Putt Putt Golf and Games and Braum's Ice Cream and Burger Restaurant. This Division also operates the City's Neighborhood Services Program, addressing code enforcement violations such as property maintenance and junked or abandoned vehicles to keep the City clean and safe while preserving property values.

The Fiscal Services Department provides fiscally responsible control and guidance over all financial matters of the City. In 2015-2016, Fiscal Services implemented new financial reporting software to assist with data analytics and financial report preparation. The City maintained its strong credit ratings and managed a debt refunding of $12.3 million that will save the City $2.3 million over the life of the issuance. Fiscal Services received its forty-first Certificate of Achievement for Excellence in Financial Reporting and its twenty-eighth consecutive Distinguished Budget Award. The Risk/Purchasing function implemented several initiatives to improve effectiveness and efficiency over vendor registration, bidding, and contract management.

The Human Resources Department partners with management and staff to serve all employees with excellence in such areas as employee relations, strategic planning, policy administration, and pay and benefits administration. In 2015-2016, the City held its annual Health Fair and conducted wellness screenings for employees, retirees and spouses. Human Resources continued its efforts to curb the rising costs of health care by conducting a dependent audit to validate the eligibility of dependents on the City's health insurance plan, and partnered with a benefits consultant to negotiate the costs paid by the City and employees for health care. Human Resources also facilitated various employee development and recognition initiatives throughout the year, including Ambassadors of the Month/Year, leadership/supervisor training and the seventh annual employee conference.

The Police Department is dedicated to providing exceptional service to its citizens and employees through a problem solving approach emphasizing a commitment to "Excellence through Teamwork." The Department's budget is supplemented by a .5% (half-cent) anti-crime sales tax that generated approximately $5.4 million in 2015-2016. Also, in 2015-2016, the Justice Center celebrated its grand opening, while the Department reduced its average response time on Priority 1 calls by approximately 14%, and its average response time on Priority 2 calls by approximately 9%. The Department continued its focus on community policing by welcoming the Euless Police Department to the storefront operated by the cities of Hurst and Bedford on Pipeline Road. The City maintains two storefronts that facilitate various programs, including Neighborhood Crime Watch, Citizen's Police Academy, mental health assistance and domestic violence programs.

The Fire Department is committed to excellence through ongoing training and provides aggressive fire prevention, professional fire protection, rescue, emergency medical service, hazardous material response and emergency management. In 2015-2016, the Fire and Police Departments established a joint drone program to assist with emergency response efforts, responded to approximately 1,300 fire related calls and approximately 3,400 EMS related calls, and completed approximately 1,200 fire inspections. The Fire Department also continued its annual ambulance subscription service for Hurst families that covers EMS costs not covered by insurance, and engaged the community through its Citizen Fire Academy and Community Emergency Response Team programs. And, the Fire Department continued to participate in the Northeast Fire Department Association which was created to combine/share the resources of local participating fire departments.

The Public Works Department provides quality services to citizens through water, wastewater, traffic and drainage systems, while maintaining a safe and efficient working environment. In 2015-2016, the Engineering Division oversaw the ongoing Pipeline Road expansion project, design and construction activities on Community Development Block Grant projects, and reviewed numerous private development projects. To maintain the City's 148 miles of paved concrete and asphalt streets, the Street/Drainage Division overlaid 5.7 lane miles of road surface

and crack sealed 46,200 square yards of road surface. To maintain the City's 201 miles of water mains, the Water Division replaced 5,500 feet of water main. The Water Division also cleaned and inspected three storage tanks. As a result of its efforts, the City continues to be recognized by the Texas Commission on Environmental Quality as a "Superior Public Water System." To maintain the City's 154 miles of sanitary sewer lines, the Wastewater Division managed the City's Sanitary Sewer Overflow Initiative program by cleaning 35 miles of sewer main, root treating 3.3 miles of sewer main and chemically treating 8.2 miles of sewer main for grease control.

The Community Services Department offers recreational and educational opportunities to residents and non-residents alike at the City's 24 parks, 2 newly remodeled aquatics centers, a senior center, recreation center and library. In addition to the services noted above, Community Services also includes the Information Technology division, who maintains the City's technology infrastructure. The Community Services Budget is supplemented by a .5% (half-cent) sales tax that generated approximately $5.4 million in 2015-2016. In 2015-2016, Community Services completed major projects including the Chisholm Aquatics Center remodel, Redbud playground replacement, and Plainview Drive landscape improvements. Information Technology installed technology infrastructure in conjunction with several major projects including the Justice Center, Chisholm Aquatics Center, and City Hall remodels. Community Services continued its oversight of marquee events, including the annual Christmas Tree Lighting, Eggstravaganza, Concert in the Park, and Hurst Stars and Stripes 4th of July Event. In 2015-2016, attendance remained strong at the facilities and programs offered by the City. Over 190,000 persons used the facilities at the recreation center, over 136,000 used the facilities at the senior center, over 51,000 swam at the Chisholm Aquatics Center (the Central Aquatics Center was closed due to a major remodel), 10,000 hit the courts at the Tennis Center, 6,700 signed-up for recreation classes, and over 156,000 explored the educational and entertainment offerings at the Library.

FISCAL YEAR 2016-2017 – The following section highlights a few of the initiatives planned for next fiscal year:

- Public Information will closely monitor the activities of the 85th state legislative session and the impacts of potential legislation on the City's fiscal condition.
- The City will engage a third party to conduct a rate study to address rising wholesale water/wastewater costs and to provide for future infrastructure needs.
- Utility Billing will evaluate an automatic (wireless) meter reading system and consider pursuing a pilot program.
- Utility Billing and Municipal Court will continue to look at additional ways for customers to pay, including mobile apps and kiosks.
- Fleet Services will continue its equipment replacement program, while also striving to control costs and enhance customer service. Equipment scheduled to be replaced next year includes 8 Police units.
- With the retirement of the long-tenured City Manager in July 2016, I was promoted from my previous role as Assistant City Manager - Fiscal Services to City Manager in July 2016. In 2016-2017, I will continue our Customer Service Program to enhance and encourage open communications with Citizens, Council and staff. I will also continue to encourage private development throughout the City, including in those areas that have been redeveloped as part of the City's Transforming Hurst initiative.
- The Community and Economic Development Division will work with various stakeholders, including the Mayor & Council, the Economic Development Advisory Committee and citizens to create and implement a Redevelopment Plan. This Division will also engage commercial brokers, landlords, and retailers to fill currently available space, and develop new and revise existing ordinances to benefit Hurst's neighborhoods and businesses.
- Fiscal Services will further its use of new reporting software purchased last fiscal year, including developing new monthly financial reports for department heads. This division will also evaluate debt refinancing opportunities, and submit the City's budget and CAFR to GFOA for award consideration.
- With several new employees joining Human Resources last fiscal year, the Executive Director will focus on training her staff, solidifying procedures and improving service delivery to internal customers. Human Resources will also document the City's strategy to develop and retain a qualified talent pool, and work with the City Manager and our benefits consultant to mitigate the impact of rising health care costs.

- The Police Department will continue its focus on community based policing by holding an open house for children and adults with special needs, and evaluating an early intervention initiative to prevent family violence. The Police Department will also purchase forensic equipment to analyze data stored on mobile devices, and seek to achieve priority response times of less than 5 minutes.

- The Fire Department will continue to provide excellent life safety services, including fire prevention and suppression, emergency medical services and community outreach/education. The Fire Department will purchase 3 CPR systems that will be used to treat patients before an ambulance arrives.

- Public Works will continue working on the Pipeline Road expansion project, begin construction on the 42nd Year Community Development Block Grant Program on Sherri Lane, continue its overlay and crack seal street maintenance program, continue its water and sewer main replacement program, and rehab the Tarrant County College elevated storage tank.

- Community Services will update its Parks & Recreation Master Plan, including survey of the community's desire for a new dog park. The newly remodeled Central Aquatics Center will open in May 2017. Other projects include Echo Hills playground replacement, Hurst Athletic Complex soccer field realignment to meet U.S. soccer regulations, and landscape improvements along State Highway 10. Citywide technology projects include email migration from Novell to Microsoft, and telephone system replacement. The City's telephone system will move from a digital platform to a voice-over internet platform.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the City are protected from loss, theft, or misuse and to insure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control system should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

RISK MANAGEMENT

The City maintains budgetary controls, including an encumbrance accounting system, to insure that actual expenditures do not exceed budgeted (appropriated) amounts. These budgetary controls are established at the fund level.

To assist with ongoing oversight, key members of the City Manager's Office and Fiscal Services meet monthly to review the City's financial statements. The City has also engaged an outside consultant who employs various techniques, including data analysis and process reviews, to identify potential control weaknesses.

To insure that the financial statements are fairly presented in accordance with generally accepted accounting principles, the City Council engaged Rylander, Clay and Opitz, LLP to conduct an independent audit of our financial statements for the fiscal year ending 9/30/2016.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hurst for its comprehensive annual financial report (CAFR) for fiscal year ended September 30, 2015. This was the 41st year that the government has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

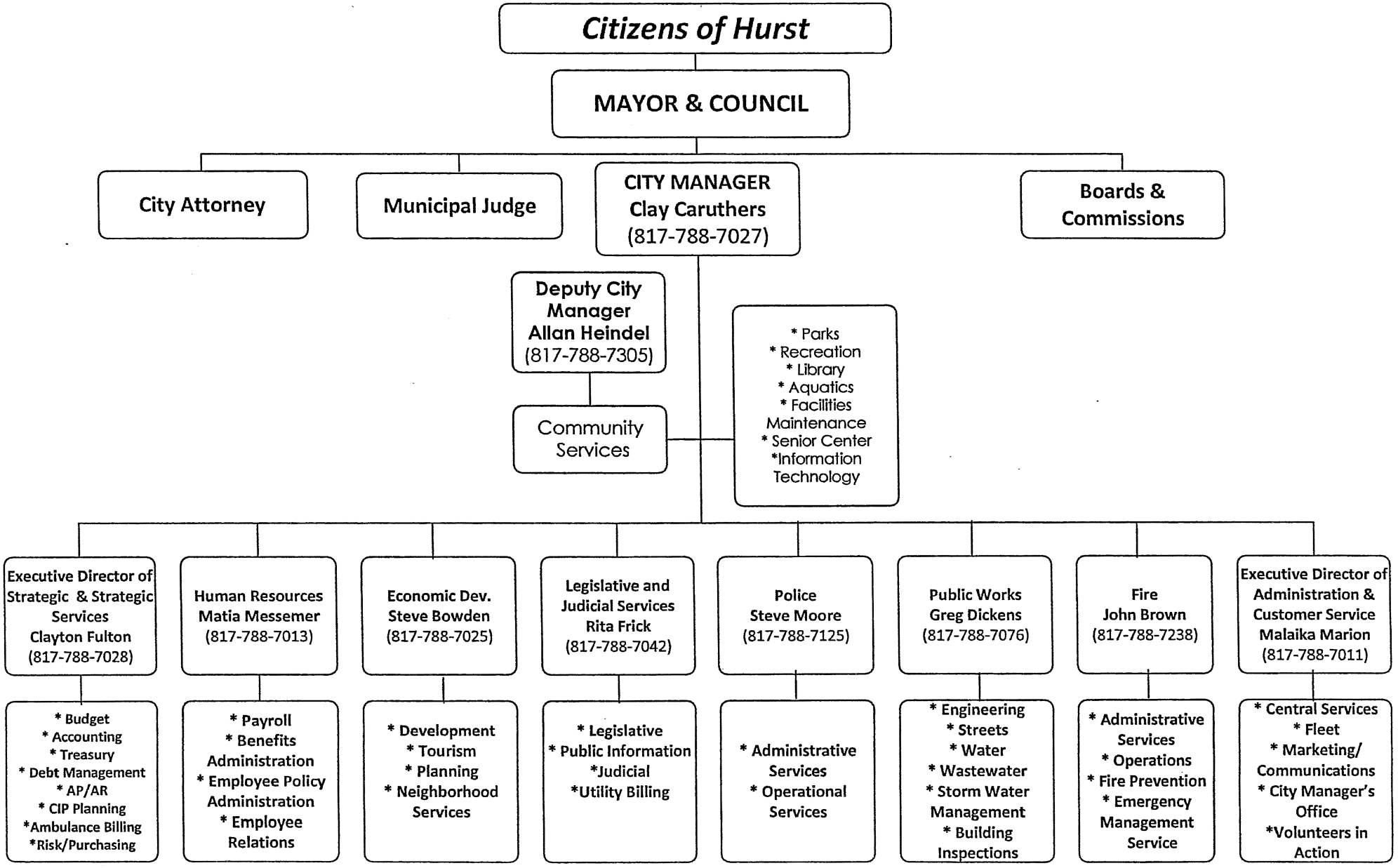
ACKNOWLEDGMENTS

The preparation of the CAFR on a timely basis could not be accomplished without the efficient and dedicated services of the Fiscal Services Department staff. Appreciation is expressed to all members of the department who contributed to its preparation. I would like to especially thank Paul Brown, Managing Director of Fiscal Services, for overseeing the year-end audit process. The Mayor and members of the City Council are thanked for their strong leadership and support in planning and providing the resources necessary to conduct the financial operation of the City in a responsible and progressive manner. Without that leadership and support, the progress evidenced by this report would not have been possible.

Respectfully submitted,

Clay Cauthers
CITY MANAGER

CITY OF HURST



Rev. 10/16

CITY OF HURST

LIST OF PRINCIPAL OFFICIALS

September 30, 2016

CITY COUNCIL

Richard Ward	*Mayor*
Larry Kitchens	*Mayor Pro Tem*
David Booe	*Councilmember*
Trasa Cobern	*Councilmember*
Bill McLendon	*Councilmember*
Nancy Welton	*Councilmember*
Henry Wilson	*Councilmember*

MANAGEMENT TEAM

Clay Caruthers	*City Manager*
Allan Heindel	*Deputy City Manager*
Clayton Fulton	*Executive Director-Strategic & Fiscal Services*
Malaika Marion	*Executive Director-Administration & Customer Svc*
John Brown	*Fire Chief*
Steve Moore	*Police Chief*
Rita Frick	*City Secretary*
Gregory Dickens	*Executive Director Public Works*
Steve Bowden	*Executive Director Economic Development*
Matia Messemer	*Executive Director of Human Resources*
Paul Brown	*Managing Director Finance*
Kyle Gordon	*Managing Director Community Services*
Michele Lazo	*Managing Director Community Dev/Planning*

John Boyle	*City Attorney*
Rylander, Clay & Opitz, LLP	*Auditors*

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hurst

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

FINANCIAL SECTION

CITY OF HURST
TEXAS

R|C|O RYLANDER, CLAY & OPITZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS
Smart Solutions. Real Results.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
City Council and City Manager
City of Hurst, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hurst, Texas (the "City"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, and budgetary comparison information on pages 3 through 11 and 61 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, and schedule of capital assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary schedules, and schedule of capital assets are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the City's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 23, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rylander, Clay + Opitz, LLP

February 28, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City of Hurst's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2016.

Please read it in conjunction with the City's basic financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources for the City of Hurst exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2015 by $208,192,563. Of this amount, $17,327,013 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position decreased $6,099,777 as a result of this year's operations, a decrease of 2.8%. The net position of business-type activities increased by $608,438 or 1.2%, primarily due to operating revenues exceeding operating expenses by $.6 million. Net position of the City's governmental activities decreased by $6,708,215, or 4.1%, primarily due to actuarial adjustments to the City's pension liability and retirement of assets not fully depreciated including the old Police Building and the old Chisholm Aquatics Center.
- Total governmental capital assets decreased by 1.0%. This year's most notable asset additions are listed on page 9.
- The City's business-type activities are made up of water & sewer delivery, storm water management, and Hurst Conference Center (HCC) operations. The Water & Sewer Fund ended the year in positive financial condition with operating income equal to $195 thousand. The Storm Water Management Fund provides for annual infrastructure maintenance and continues to accumulate reserves for large-scale projects identified in the City's Capital Improvements Plan (CIP). The Storm Water Management Fund contributed around $475,000 to the change in net position of business-type activities. HCC completed its sixth full-year of operations in 2015-2016. HCC experienced an operating income of approximately $191,000 and finished the year with positive net cash flow. The City plans for HCC to remain around "break-even" operationally with economic development sales tax and hotel/motel occupancy tax supporting the center's debt.
- Total cost of all of the City's programs was $76.0 million in 2016 compared to $68.8 million in 2015.
- During the year, the City had expenses for governmental activities of $6.7 million more than the $45.6 million generated in general revenues, other program revenues, and transfers.
- The business-type activities had expenses of $608 thousand less than the $24.2 million generated in charges for service, other program revenues, and transfers.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 through 15) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 13. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position, the difference between assets and deferred outflows, what the citizens own, and liabilities and deferred inflows, what the citizens owe, as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's tax base, and the condition of the City's capital assets (roads, buildings, and water and sewer lines) to assess the *overall health* of the City.

- For the governmental funds, fund balance increased by $1.6 million. While revenues were relatively flat, expenditures decreased by $7.1 million as major capital projects were wrapped up, including the Justice Center, the Chisholm Aquatics remodel, and the Hurst Conference Center parking garage.

In the Statement of Net Position and the Statement of Activities we divide the City into two kinds of activities:

- Governmental activities: most of the City's basic services are reported here, including the police, fire, municipal court, street maintenance, parks and recreation, financial services and general administration. Property taxes, sales taxes, charges for services, and fines/forfeitures finance most of these activities.

- Business-type activities: the City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer system, storm water management activities, and conference center operations are reported here.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Our analysis of the City's major funds begins on page 16. The governmental funds financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain revenues. Understanding a fund's origin and purpose is essential for the appropriate presentation of fund balance per GASB 54, *Fund Balance Reporting and Government Fund Type Definitions.*

The City's two primary types of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

Proprietary funds: When the City charges customers for the full cost of the services it provides, whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements (except for any proration of net income or loss from internal service funds) but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

The City's *combined* net position changed from a year ago, *decreasing* from $214,292,340 to $208,192,563. Looking at the net position and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 66,325,941	$ 63,700,797	$ 23,107,369	$ 25,180,914	$ 89,433,310	$ 88,881,711
Capital assets	166,694,507	170,176,247	47,821,798	46,535,494	214,516,305	216,711,741
Total assets	233,020,448	233,877,044	70,929,167	71,716,408	303,949,615	305,593,452
Deferred outflows of resources	11,889,338	3,333,311	2,281,153	895,122	14,170,491	4,228,433
Long-term liabilities	77,774,014	64,448,750	14,546,841	14,137,418	92,320,855	78,586,168
Other liabilities	7,750,428	6,743,495	8,955,146	9,387,444	16,705,574	16,130,939
Total liabilities	85,524,442	71,192,245	23,501,987	23,524,862	109,026,429	94,717,107
Deferred inflows of resources	762,588	687,139	138,526	125,299	901,114	812,438
Net position:						
Net investment in Capital Assets	116,996,558	120,518,416	36,190,346	33,786,264	153,186,904	154,304,680
Restricted	24,767,252	21,523,706	12,911,394	11,358,914	37,678,646	32,882,620
Unrestricted	16,858,946	23,288,849	468,067	3,816,191	17,327,013	27,105,040
Total net position	$ 158,622,756	$ 165,330,971	$ 49,569,807	$ 48,961,369	$ 208,192,563	$ 214,292,340

Table 2

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
General Revenue						
Sales Taxes	$ 20,685,644	$ 20,716,458	$ -	$ -	$ 20,685,644	$ 20,716,458
Franchise Taxes	2,967,123	3,038,771	-	-	2,967,123	3,038,771
Property Taxes	13,982,919	14,087,316	-	-	13,982,919	14,087,316
Other Taxes	716,281	646,284	-	-	716,281	646,284
Investment earnings	385,477	275,954	132,649	104,120	518,126	380,074
Miscellaneous	280,870	1,172,033	-	-	280,870	1,172,033
Program revenue						
Charges for service	5,409,383	4,936,715	23,544,361	22,630,746	28,953,744	27,567,461
Operating grants and contributions	862,969	738,969	44,622	-	907,591	738,969
Capital grants and contributions	218,830	28,803	693,753	680,309	912,583	709,112
Total revenues	45,509,496	45,641,303	24,415,385	23,415,175	69,924,881	69,056,478
Program expenses including indirect expenses						
Public safety	24,614,274	23,039,603	-	-	24,614,274	23,039,603
Culture and recreation	12,112,717	11,142,994	-	-	12,112,717	11,142,994
General government	8,168,344	5,256,773	-	-	8,168,344	5,256,773
Interest on debt	2,328,484	2,146,970	-	-	2,328,484	2,146,970
Public works	5,174,276	4,756,586	-	-	5,174,276	4,756,586
Water and sewer	-	-	20,384,872	19,752,412	20,384,872	19,752,412
Conference and meeting center	-	-	2,362,568	2,004,236	2,362,568	2,004,236
Stormwater	-	-	879,123	689,554	879,123	689,554
Total expenses	52,398,095	46,342,926	23,626,563	22,446,202	76,024,658	68,789,128
Excess before transfers	(6,888,599)	(701,623)	788,822	968,973	(6,099,777)	267,350
Transfers	180,384	76,667	(180,384)	(76,667)	-	-
Change in net position	(6,708,215)	(624,956)	608,438	892,306	(6,099,777)	267,350
Net position beginning	165,330,971	171,782,903	48,961,369	49,138,020	214,292,340	220,920,923
Change in accounting principle	-	(5,826,976)	-	(1,068,957)	-	(6,895,933)
Net position beginning, adjusted	165,330,971	165,955,927	48,961,369	48,069,063	214,292,340	214,024,990
Net position ending	$ 158,622,756	$ 165,330,971	$ 49,569,807	$ 48,961,369	$ 208,192,563	$ 214,292,340

Net position of the City's governmental activities decreased, $158,622,756 at September 30, 2016 compared to $165,330,971 at September 30, 2015.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased from $23,288,849 at September 30, 2015 to $16,858,946 at September 30, 2016 for governmental activities. Restricted net position, those restricted mainly for debt service, capital projects, crime prevention, and culture and recreation increased from $21,523,706 to $24,767,252. The total net position category, including both restricted and unrestricted amounts, decreased by $3,186,357. The category, Net Investment in Capital Assets, decreased by $3,521,858. The City's infrastructure is evaluated annually and maintenance schedules are updated accordingly.

The net position of the City's business-type activities increased by 1.2% to $49,569,807 in 2016 compared to $48,961,369 in 2015. An operating income of $650,008 increased net position. Water and sewer rates were increased by 5% for fiscal year 2015-2016. Water and sewer activity income is heavily influenced by weather patterns. For example, mild temperatures and heavy rainfall contributed to a $1.4 million deficit just six years ago, and subsequent years have resulted in more favorable financial results. Overall, the Water & Sewer Fund remains fiscally sound.

THE CITY'S FUNDS

The following schedule presents a summary of general, special revenue, capital projects/special projects, and debt service revenues and expenditures for the fiscal year ended September 30, 2016, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues:	2015-2016 Amount	Percent of Total	Increase (Decrease) from 2014-2015	Percent Increase (Decrease)
Taxes	$ 38,414,972	84.59%	$ (79,957)	-0.21%
Licenses and permits	782,782	1.72%	75,693	10.70%
Charges for services	2,035,396	4.48%	335,590	19.74%
Fines and forfeitures	2,448,040	5.39%	42,562	1.77%
Intergovernmental	874,576	1.93%	106,804	13.91%
Interest	313,953	0.69%	95,904	43.98%
Miscellaneous	543,025	1.20%	(525,860)	-49.20%
Total Revenues	$ 45,412,744	100.00%	$ 50,736	

Charges for services increased primarily due to the opening of the newly renovated Chisholm Aquatics Center. Intergovernmental revenues increased due to an increase in grant revenue. Interest earnings increased due to timing of maturities and higher interest rates. Licenses and permits increased and generally fluctuate due to uncertain levels of construction activity. Fines and forfeitures revenue increased as more offenders chose to make payments to the court rather than serve time. Taxes were flat as the Tarrant Appraisal District was not able to update property values due to a major software conversion. Miscellaneous decreased due to the decline in rents and royalties, in kind peg fees, and loss on sale of assets.

Expenditures	2015-2016 Amount	Percent of Total	Increase (Decrease) from 2014-2015	Percent Increase (Decrease)
General government	$ 3,268,525	6.75%	$ 291,638	9.80%
Public safety	21,506,049	44.41%	707,602	3.40%
Culture and recreation	9,344,037	19.30%	907,260	10.75%
Public works	2,095,586	4.33%	341,498	19.47%
Capital outlay	6,787,480	14.02%	(9,079,463)	-57.22%
Debt service				
Principal	3,134,902	6.47%	(324,905)	-9.39%
Interest and fees	2,287,885	4.73%	81,574	3.70%
Total Expenditures	$ 48,424,464	100.00%	$ (7,074,796)	

Capital Outlay and public works maintenance amounts fluctuate each year according to construction schedules and asset replacement programs. The 57.2% decrease in capital outlay is primarily related to completion of the Justice Center, the Chisholm Aquatics remodel, and the Hurst Conference Center parking garage.

The General Fund is the chief operating fund of the City. General Fund revenues exceeded expenditures by $4.1 million. As a result, $1.7 million of this excess was transferred to the Special Projects Fund for one-time capital expenditures and unfunded needs. An additional $1.0 million of this excess was transferred from the Loss Reserve Fund to offset health care costs and post-employment benefits trust fund contribution. After all year-end transfers were complete, the spendable, unassigned fund balance of the General Fund was $9,172,096 compared to $9,049,255 at the year ended September 30, 2015. Staff monitors fund balance to insure that ninety days of operations are always in reserve.

The balance in the Half Cent Development Corporation (HCDC) Special Revenue decreased by $173,160 after increasing $677,284 in the prior year. Operating expenditures increased for outsourced land care services, and for increased staffing at the newly remodeled Chisholm Aquatics Center. The HCDC Fund also provides pay-as-you go funding for major infrastructure projects. These capital expenditures, which can fluctuate from year-to-year, also increased. The HCDC fund balance is restricted for the Corporation's use. The balance in the Anti-Crime Special Revenue Fund decreased by $751,460, after decreasing $964,494 last year. This is a planned decrease in the Anti-Crime Fund to cover the cost of a radio system lease and other equipment approved by City Council.

The Special Projects Fund had capital expenditures of $3.0 million for redevelopment and general improvement of City infrastructure. Special Projects' ending fund balance is restricted for projects approved by City Council and Management.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: At September 30, 2016, the City had $214,516,305 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and storm-water facilities. (See table below.) This represents a net decrease of $2,195,436, or 1.0%, from last year primarily due to the retirement of the old Police Building and the old Chisholm Aquatics Center both of which have been redeveloped, and the removal of assets that do not meet our revised $5,000 capitalization threshold.

	Governmental Activities 2016	Business-type Activities 2016	Total 2016
Land	$ 57,068,991	$ 399,478	$ 57,468,469
Buildings	59,159,838	314,905	59,474,743
Improvements	37,119,893	44,198,733	81,318,626
Machinery & equipment	8,423,634	827,618	9,251,252
CIP	4,922,151	2,081,064	7,003,215
Total	$ 166,694,507	$ 47,821,798	$ 214,516,305

This year's major asset additions (including work in progress) are as follows:

Title	Amount
Callaway Branch drainage	$1,554,242
Water Main replacement	716,804
Sanitary Sewer Main replacement	463,645
Plainview landscaping	450,108
Central Aquatics	372,878
Hurst Athletics Complex restroom	370,169
Justice Center – Jail	285,722
Multipurpose room	277,978
Redbud playground	262,217
Recreation Center roof repair	253,304

See Note 6 to the financial statements for more detailed information on capital asset activity.

Long-Term Debt: At September 30, 2016, the total debt outstanding was $72,955,899. Of this amount, $72,510,899 comprises debt backed by the full faith and credit of the City. The remaining $445,000 represents bonds secured by specific revenue sources. See Note 7 to the financial statements for more detailed information on long-term debt activity.

	Governmental Activities 2016	Business-type Activities 2016	Total 2016
Certificates of obligation	$ 17,892,260	$ 4,635,061	$ 22,527,321
General obligation	41,016,698	8,071,284	49,087,982
Capital lease obligation	895,596	-	895,596
Sales tax revenue bonds	445,000	-	445,000
Total	$ 60,249,554	$ 12,706,345	$ 72,955,899

The City's total debt increased by $1,877,869, 2.6% during the current fiscal year. The issuance of $4,905,000 in tax and waterworks and sewer obligations was partially offset by refunding tax obligations and retirement of debt in fiscal year 2015-2016.

The City's funds continue to have favorable credit ratings. The City's current ratings are as follows:

	Moody's Investor Services	Standard & Poor's
General Obligation Bonds	Aa2	AA
Enterprise Fund Obligations	Aa2	AA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In March 2016, the City Council held a Strategic Planning Session to review the status of City services and to provide direction to staff for the 2016-2017 Budget. The major objectives of the budget process are to identify cost savings and to provide funding to implement the Council's strategic plans. The City utilizes a hybrid zero-base/program/line item budget approach in which all budget requests are tied to City strategies and programs, and must be justified every year. The 2016-2017 budget reflects the positive financial condition of the City.

Sales taxes and property taxes are the two largest revenue sources for the City's governmental funds. Sales tax revenues are expected to remain stable but are dependent on the economy. Appraised property values increased by 13.2% in Tax Year 2016 over Tax Year 2015. As a result, the City decreased its tax rate from $0.61056 per $100 valuation in fiscal year 2015-2016 to $0.5879 in fiscal year 2016-2017. Because property tax revenues are impacted by various exemptions as well as the senior and disabled-citizen tax freeze, the City will continue to practice a conservative operational approach.

The Enterprise (Water/Wastewater) Fund's budget increased by 5.5%. This increase is due to increasing costs for wholesale water and wastewater treatment. It is the City's policy to pass through all, or part, of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority. For 2016-2017, the City of Hurst approved a 4% increase in water and sewer rates for residential and commercial customers. The Enterprise Fund continues to experience extremes in weather conditions. Due to sound financial planning, the Enterprise Fund has been able to "weather" variations in rainfall and finish the fiscal year in a stable financial position.

Other Enterprise funds are established to account for Storm Drainage and Hurst Conference Center operations. The Storm Drainage fee generates approximately $1 million per year and all proceeds are utilized to mitigate flooding and other drainage issues throughout the City. The Hurst Conference Center completed its sixth full year of operations in 2015-2016. Events held at the facility include everything from intimate gatherings to corporate events hosting up to approximately 1,000 people. The financial opportunities for the facility will continue to improve as marketing efforts and customer experiences create additional and repeat business.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 1505 Precinct Line Road, Hurst, Texas, 817.788.7023 or email kpuiszis@hursttx.gov. To view financial documents you may also visit the City's Website at www.hursttx.gov.

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

STATEMENT OF NET POSITION
September 30, 2016 with Comparative
Total for September 30, 2015

	Governmental Activities	Business-type Activities	Totals 2016	Totals 2015
ASSETS				
Cash and cash equivalents	$ 8,196,390	$ 1,235,495	$ 9,431,885	$ 16,125,628
Investments	51,210,564	14,747,629	65,958,193	58,097,484
Net receivables	6,738,068	3,297,046	10,035,114	10,346,790
Inventories and prepaid expenses	180,919	349,667	530,586	394,572
Restricted assets				
Cash and cash equivalents	-	1,146,532	1,146,532	1,911,237
Investments	-	2,331,000	2,331,000	2,006,000
Total current assets	66,325,941	23,107,369	89,433,310	88,881,711
Land	57,068,991	399,478	57,468,469	57,006,282
Depreciable assets, net	104,703,365	45,341,256	150,044,621	125,304,879
Construction in progress	4,922,151	2,081,064	7,003,215	34,400,580
Total noncurrent assets	166,694,507	47,821,798	214,516,305	216,711,741
Total assets	233,020,448	70,929,167	303,949,615	305,593,452
DEFERRED OUTFLOWS OF RESOURCES				
Deferred contributions to pension plan	1,510,414	275,231	1,785,645	1,753,413
Change in pension assumptions	1,563,257	274,037	1,837,294	-
Investment experience related to pension plan	7,216,001	1,272,988	8,488,989	1,347,057
Deferred loss on bond refunding	1,599,666	458,897	2,058,563	1,127,963
Total deferred outflows	11,889,338	2,281,153	14,170,491	4,228,433
Total assets and deferred outflows	$ 244,909,786	$ 73,210,320	$ 318,120,106	$ 309,821,885
LIABILITIES				
Accounts payable and accrued liabilities	$ 4,808,907	$ 2,407,392	$ 7,216,299	$ 7,115,343
Due to (from) other funds	(2,971,565)	2,971,565	-	-
Escrow deposits and unearned revenue	333,434	391,133	724,567	744,839
Customer deposits	-	1,711,369	1,711,369	1,516,484
Current portion of long-term debt	5,579,652	1,473,687	7,053,339	6,754,273
Total current liabilities	7,750,428	8,955,146	16,705,574	16,130,939
Pension liability	17,433,350	3,118,285	20,551,635	9,106,516
Bonds and other long-term debt	60,340,664	11,428,556	71,769,220	69,479,652
Total liabilities	85,524,442	23,501,987	109,026,429	94,717,107
DEFERRED INFLOWS OF RESOURCES				
Differences between expected and actual economic experience	762,588	138,526	901,114	812,438
NET POSITION				
Net investment in capital assets	116,996,558	36,190,346	153,186,904	154,304,680
Restricted for:				
Debt service	993,922	12,911,394	13,905,316	12,419,025
Capital projects	9,402,759	-	9,402,759	6,112,093
Crime prevention	6,722,162	-	6,722,162	7,473,622
Culture and recreation	4,544,107	-	4,544,107	4,717,267
Other	3,104,302	-	3,104,302	2,344,861
Unrestricted	16,858,946	468,067	17,327,013	26,920,792
Total net position	158,622,756	49,569,807	208,192,563	214,292,340
Total liabilities, deferred inflows, and net position	$ 244,909,786	$ 73,210,320	$ 318,120,106	$ 309,821,885

See notes to basic financial statements.

CITY OF HURST, TEXAS

STATEMENT OF ACTIVITIES
Year Ended September 30, 2016 with Comparative
Total for Year Ended September 30, 2015

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 8,168,344	$ 18,470	$ 80,000	$ -
Public safety	24,614,274	3,551,541	545,347	11,607
Culture and recreation	12,112,717	1,156,952	-	-
Public works	5,174,276	682,420	237,622	207,223
Interest expense	2,328,484	-	-	-
Total governmental activities	52,398,095	5,409,383	862,969	218,830
Business-type activities:				
Water and sewer services	20,384,872	19,892,629	-	490,643
Stormwater management services	879,123	1,098,287	44,622	203,110
Conference and meeting center	2,362,568	2,553,445	-	-
Total business-type activities	23,626,563	23,544,361	44,622	693,753
Total government	$ 76,024,658	$ 28,953,744	$ 907,591	$ 912,583

General revenues:	
Property taxes, penalty, and interest	
Sales taxes	
Franchise taxes	
Occupancy taxes	
Interest	
Miscellaneous	
Transfers	
Total general revenues	
Change in net position	
Net position - beginning	
Net position - ending	

See notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Totals 2016	Totals 2015
$ (8,069,874)	$ -	$ (8,069,874)	$ (5,167,172)
(20,505,779)	-	(20,505,779)	(19,297,496)
(10,955,765)	-	(10,955,765)	(10,138,085)
(4,047,011)	-	(4,047,011)	(3,888,716)
(2,328,484)	-	(2,328,484)	(2,146,970)
(45,906,913)	-	(45,906,913)	(40,638,439)
-	(1,600)	(1,600)	269,846
-	466,896	466,896	672,091
-	190,877	190,877	(77,084)
-	656,173	656,173	864,853
(45,906,913)	656,173	(45,250,740)	(39,773,586)
13,982,919	-	13,982,919	14,087,316
20,685,644	-	20,685,644	20,716,458
2,967,123	-	2,967,123	3,038,771
716,281	-	716,281	646,284
385,477	132,649	518,126	380,074
280,870	-	280,870	1,172,033
180,384	(180,384)	-	-
39,198,698	(47,735)	39,150,963	40,040,936
(6,708,215)	608,438	(6,099,777)	267,350
165,330,971	48,961,369	214,292,340	214,024,990
$ 158,622,756	$ 49,569,807	$ 208,192,563	$ 214,292,340

CITY OF HURST, TEXAS

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2016 with Comparative
Total for September 30, 2015

	General Fund	Special Revenue Funds	
		HCDC	Anti-Crime
ASSETS			
Cash and cash equivalents	$ 122,227	$ 603,935	$ 551,842
Investments	10,590,902	3,983,706	7,148,337
Receivables:			
Taxes	1,802,328	894,672	907,889
Other	445,195	2,211	61,051
Inventories	1,883	-	-
Due from other funds	6,454,313	-	-
Total assets	$ 19,416,848	$ 5,484,524	$ 8,669,119
LIABILITIES			
Accounts payable and accrued items	$ 1,400,176	$ 242,616	$ 132,463
Escrow deposits payable and unearned revenue	403,151	-	-
Due to other funds	4,388,979	697,801	1,814,494
Total liabilities	6,192,306	940,417	1,946,957
FUND BALANCES			
Nonspendable:			
Inventory	1,883	-	-
Spendable:			
Restricted	3,104,302	4,544,107	6,722,162
Committed	365,042	-	-
Assigned	581,219	-	-
Unassigned	9,172,096	-	-
Total fund balances	13,224,542	4,544,107	6,722,162
Total liabilities and fund balances	$ 19,416,848	$ 5,484,524	$ 8,669,119

See notes to basic financial statements.

Capital Projects Funds Special Projects	Other Governmental Funds	Totals 2016	Totals 2015
$ 676,711	$ 4,910,466	$ 6,865,181	$ 11,533,785
14,930,202	6,674,313	43,327,460	36,340,153
-	24,699	3,629,588	3,613,145
1,104,038	3,004	1,615,499	1,627,162
-	-	1,883	1,883
1,707,151	-	8,161,464	7,984,598
$ 18,418,102	$ 11,612,482	$ 63,601,075	$ 61,100,726
$ 927,124	$ 1,195,768	$ 3,898,147	$ 4,447,839
424,465	20,033	847,649	1,038,162
-	-	6,901,274	5,266,515
1,351,589	1,215,801	11,647,070	10,752,516
-	-	1,883	1,883
-	10,396,681	24,767,252	21,707,954
-	-	365,042	305,069
17,066,513	-	17,647,732	19,284,049
-	-	9,172,096	9,049,255
17,066,513	10,396,681	51,954,005	50,348,210
$ 18,418,102	$ 11,612,482	$ 63,601,075	$ 61,100,726

CITY OF HURST, TEXAS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2016

Total governmental fund balances	$	51,954,005
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital assets.		163,704,603
Accrued interest on governmental activities debt is not reported in the funds until paid.		(298,179)
The ambulance receivable revenue is not reported in the funds because it is not available for current period expenditures.		628,734
Unearned property taxes are not reported in the funds because they are not available for current period expenditures.		89,750
Unearned note receivable is not reported in the funds because it is not available for current period expenditures.		424,465
Accrued interest on governmental investments is not reported in the funds because it is not available for current period expenditures.		144,956
Municipal fines receivable are not reported in the funds because they are not available for current period expenditures.		664,410
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide financial statements.		12,385,872
The other post employment benefit asset is not reported in the funds because it is not reported in the funds until paid.		131,179
The portion of the internal service funds due to business activities is reported in governmental activities in the government-wide financial statements.		735,677
Pension related liabilities and deferred outflows and inflows are not due and payable in the current period and therefore are not reported in the funds.		(7,670,629)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities.		(5,622,199)
Losses on issuance of refunding bonds are not reported in the funds but are reported as deferred outflows in the statement of net position.		1,599,666
Bonds payable and capital lease obligations are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities.		(60,249,554)
Net position of governmental activities	$	158,622,756

See notes to basic financial statements.

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016 with Comparative Total for Year Ended September 30, 2015

	General	Special Revenue Funds	
		HCDC	Anti-Crime
Revenues:			
Taxes, penalty, and interest	$ 24,797,540	$ 5,044,263	$ 5,438,519
Licenses/permits	782,782	-	-
Support from governmental entities	697,572	-	116,680
Charges for services	2,035,396	-	-
Fines and fees	2,448,040	-	-
Interest	89,426	25,368	49,321
Miscellaneous	348,254	1,893	30,307
Total revenues	31,199,010	5,071,524	5,634,827
Expenditures:			
Current:			
General government	2,621,349	-	-
Public safety	16,101,142	-	5,396,257
Culture and recreation	6,315,047	3,028,990	-
Public works	2,095,586	-	-
Capital outlay	-	1,048,354	491,738
Debt service:			
Principal retirement	-	-	429,902
Interest and fiscal agent fees	-	-	36,451
Total expenditures	27,133,124	4,077,344	6,354,348
Excess (deficiency) of revenues over (under) expenditures	4,065,886	994,180	(719,521)
Other financing sources (uses):			
Capital lease	-	-	-
Issuance of debt	-	-	-
Premium on bond issuance	-	-	-
Refunding bonds issued	-	-	-
Payment to refunded bonds escrow agent	-	-	-
Transfers in	25,988	-	2,546
Transfers out	(3,154,995)	(1,167,340)	(34,485)
Total other financing sources (uses)	(3,129,007)	(1,167,340)	(31,939)
Net change in fund balances	936,879	(173,160)	(751,460)
Fund balances, beginning	12,287,663	4,717,267	7,473,622
Fund balances, ending	$ 13,224,542	$ 4,544,107	$ 6,722,162

See notes to basic financial statements.

Capital Projects Funds	Other Governmental	Totals	
Special Projects	Funds	2016	2015
$ -	$ 3,134,650	$ 38,414,972	$ 38,494,929
-	-	782,782	707,089
60,324	-	874,576	767,772
-	-	2,035,396	1,699,806
-	-	2,448,040	2,405,478
114,486	35,352	313,953	218,049
72,084	90,487	543,025	1,068,885
246,894	3,260,489	45,412,744	45,362,008
647,176	-	3,268,525	2,976,887
8,650	-	21,506,049	20,798,447
-	-	9,344,037	8,436,777
-	-	2,095,586	1,754,088
3,040,082	2,207,306	6,787,480	15,866,943
-	2,705,000	3,134,902	3,459,807
-	2,251,434	2,287,885	2,206,311
3,695,908	7,163,740	48,424,464	55,499,260
(3,449,014)	(3,903,251)	(3,011,720)	(10,137,252)
-	-	-	490,105
-	4,905,000	4,905,000	2,625,000
-	1,931,800	1,931,800	574,285
-	11,240,000	11,240,000	3,235,000
-	(12,517,062)	(12,517,062)	(3,505,346)
1,818,073	1,567,990	3,414,597	3,475,607
-	-	(4,356,820)	(4,578,606)
1,818,073	7,127,728	4,617,515	2,316,045
(1,630,941)	3,224,477	1,605,795	(7,821,207)
18,697,454	7,172,204	50,348,210	58,169,417
$ 17,066,513	$ 10,396,681	$ 51,954,005	$ 50,348,210

CITY OF HURST, TEXAS

RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION IN THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2016

Net change in fund balances - total governmental funds	$	1,605,795
Amounts reported for governmental funds in the statement of activities are different because:		
Change in revenues not considered available in the governmental funds.		95,807
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		(7,106,678)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized.		6,484,775
Governmental capital assets sold have the full proceeds reported as revenue instead of applying the basis of the asset sold.		(2,842,252)
Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.		(5,559,738)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		3,134,902
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(40,599)
Some expenses reported in the statements of activities, such as compensated absences and post employment costs, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(2,685,445)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The change in net position of the internal service funds is reported with governmental activities (net of amount allocated to business-type activities of $125,334).		205,218
Change in net position of governmental activities	$	(6,708,215)

See notes to basic financial statements.

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2016 with Comparative
Total for September 30, 2015

	Business Type Activities		Totals	
	Water & Sewer	Other Proprietary	2016	2015
Assets				
Current assets:				
Cash and cash equivalents	$ 426,729	$ 808,766	$ 1,235,495	$ 2,898,758
Investments	13,577,629	1,170,000	14,747,629	14,255,354
Accounts receivable (net of allowance for uncollectible accounts of $85,661 in 2016 and $213,288 in 2015)	2,793,483	239,285	3,032,768	3,582,405
Other receivables	255,582	8,696	264,278	192,366
Due from other funds	1,618,354	-	1,618,354	31,954
Inventory of materials and supplies, at cost	183,459	45,862	229,321	202,017
Prepaids and other assets	117,312	3,034	120,346	132,777
Restricted assets:				
Cash and cash equivalents	1,146,532	-	1,146,532	1,911,237
Investments	2,331,000	-	2,331,000	2,006,000
Total current assets	22,450,080	2,275,643	24,725,723	25,212,868
Noncurrent assets:				
Capital assets, at cost	79,127,524	2,996,714	82,124,238	80,198,127
Accumulated depreciation	(34,091,896)	(210,544)	(34,302,440)	(33,662,633)
Total noncurrent assets	45,035,628	2,786,170	47,821,798	46,535,494
Total assets	67,485,708	5,061,813	72,547,521	71,748,362
Deferred Outflows of Resources				
Deferred contributions to pension plan	210,050	65,181	275,231	270,423
Change in pension assumptions	198,256	75,781	274,037	-
Investment experience related to pension plan	929,359	343,629	1,272,988	207,752
Deferred loss on bond refunding	458,897	-	458,897	416,947
Total deferred outflows	1,796,562	484,591	2,281,153	895,122
Total assets and deferred outflows	$ 69,282,270	$ 5,546,404	$ 74,828,674	$ 72,643,484
Liabilities				
Current liabilities:				
Accounts payable and accrued items	$ 2,017,533	$ 318,840	$ 2,336,373	$ 1,733,062
Due to other funds	3,771,676	82,566	3,854,242	3,598,101
Unearned revenue	-	391,133	391,133	283,898
Current liabilities payable from restricted assets:				
Accrued bond interest	71,019	-	71,019	71,019
Customer deposits	1,711,369	-	1,711,369	1,516,484
Current portion of long-term debt	1,463,654	10,033	1,473,687	1,606,491
Total current liabilities	9,035,251	802,572	9,837,823	8,809,055
Pension liability	2,293,417	824,868	3,118,285	1,411,220
Long-term debt, net of current portion	11,407,909	20,647	11,428,556	12,726,198
Total liabilities	22,736,577	1,648,087	24,384,664	22,946,473
Deferred Inflows of Resources				
Differences between expected and actual economic experience	105,284	33,242	138,526	125,299
Net Position				
Net investment in capital assets	33,404,176	2,786,170	36,190,346	33,786,264
Restricted for:				
Debt service	12,911,394	-	12,911,394	11,358,914
Unrestricted	124,839	1,078,905	1,203,744	4,426,534
Total net position	46,440,409	3,865,075	50,305,484	49,571,712
Total liabilities, deferred inflows, and net position	$ 69,282,270	$ 5,546,404	$ 74,828,674	$ 72,643,484
Adjustment to net position to reflect the consolidation of internal service fund activities related to enterprise funds			(735,677)	
Net position of business-type activities			$ 49,569,807	

See notes to basic financial statements.

	Governmental Activities- Internal Service Funds	
	2016	2015
$	1,331,209	$ 1,693,084
	7,883,104	7,501,977
	-	-
	54,881	52,425
	1,213,792	1,087,525
	47,857	34,102
	-	-
	-	-
	-	-
	10,530,843	10,369,113
	12,278,141	16,100,031
	(9,288,237)	(13,092,545)
	2,989,904	3,007,486
	13,520,747	13,376,599
	46,584	45,747
	47,724	-
	220,658	35,145
	-	-
	314,966	80,892
$	13,835,713	$ 13,457,491
$	612,581	$ 611,997
	238,094	239,461
	-	-
	-	-
	-	-
	16,997	17,162
	867,672	868,620
	527,102	229,814
	31,566	31,872
	1,426,340	1,130,306
	23,501	21,197
	2,989,904	3,007,486
	-	-
	9,395,968	9,298,502
	12,385,872	12,305,988
$	13,835,713	$ 13,457,491

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2016 with Comparative Total for Year Ended September 30, 2015

	Business Type Activities		Totals	
	Water & Sewer	Other Proprietary	2016	2015
Operating revenues:				
Water and sewer sales	$ 19,591,530	$ -	$ 19,591,530	$ 19,059,191
Storm drainage utility fee	-	1,088,847	1,088,847	1,085,025
Service fees	-	2,553,445	2,553,445	1,927,152
Other	433,263	54,062	487,325	539,694
Total operating revenues	20,024,793	3,696,354	23,721,147	22,611,062
Operating expenses:				
Personnel services	4,144,301	1,504,777	5,649,078	5,246,880
Contractual services	8,432,147	-	8,432,147	7,988,111
Repairs and maintenance	523,444	317,254	840,698	750,362
Materials and supplies	149,565	53,406	202,971	204,447
Depreciation and amortization	1,573,086	86,448	1,659,534	1,598,668
Indirect cost/street rental fees	3,598,793	82,566	3,681,359	3,598,101
Other	1,408,112	1,197,240	2,605,352	2,206,323
Total operating expenses	19,829,448	3,241,691	23,071,139	21,592,892
Operating income	195,345	454,663	650,008	1,018,170
Non-operating revenues (expenses):				
Interest revenue	120,450	12,199	132,649	104,120
Interest expense	(430,090)	-	(430,090)	(584,701)
Gain (loss) on sale of property and equipment	(132,164)	-	(132,164)	19,684
Total non-operating revenues (expenses)	(441,804)	12,199	(429,605)	(460,897)
Income (loss) before contributions and transfers	(246,459)	466,862	220,403	557,273
Transfers in	-	-	-	-
Transfers out	(176,384)	(4,000)	(180,384)	(76,667)
Contributions	490,643	203,110	693,753	680,309
Change in net position	67,800	665,972	733,772	1,160,915
Net position - beginning of year	46,372,609	3,199,103	49,571,712	48,410,797
Net position - end of year	$ 46,440,409	$ 3,865,075	$ 50,305,484	$ 49,571,712
Adjustment to change in net position to reflect the consolidation of internal service fund activities related to enterprise funds			(125,334)	
Change in net position of business-type activities			$ 608,438	

See notes to basic financial statements.

Governmental Activities- Internal Service Funds	
2016	2015
$ -	$ -
-	-
8,569,741	7,942,267
45,968	13,517
8,615,709	7,955,784
6,978,843	6,879,437
116,596	169,539
377,125	384,281
1,203,693	1,167,178
775,897	762,817
-	-
-	-
9,452,154	9,363,252
(836,445)	(1,407,468)
55,876	46,449
-	-
(262,154)	120,989
(206,278)	167,438
(1,042,723)	(1,240,030)
1,201,416	1,191,666
(78,809)	(12,000)
-	-
79,884	(60,364)
12,305,988	12,366,352
$ 12,385,872	$ 12,305,988

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Year Ended September 30, 2016 with Comparative
Total for Year Ended September 30, 2015

	Business Type Activities			
			Totals	
	Water & Sewer	Other Proprietary	2016	2015
Cash flow from operating activities:				
Receipts from customers and users	$ 20,787,921	$ 3,784,983	$ 24,572,904	$ 21,975,809
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(10,070,295)	(1,422,435)	(11,492,730)	(10,754,384)
Payments to employees	(3,872,108)	(1,401,743)	(5,273,851)	(5,258,029)
Payments for interfund services used	(4,933,654)	(77,964)	(5,011,618)	(3,570,789)
Net cash provided by (used in) operating activities	1,911,864	882,841	2,794,705	2,392,607
Noncapital financing activities:				
Transfers to other funds	(176,384)	(4,000)	(180,384)	(76,667)
Transfers from other funds	-	-	-	-
Net cash provided by (used in) noncapital financing activities	(176,384)	(4,000)	(180,384)	(76,667)
Capital and related financing activities:				
Loss on refunding	(89,786)	-	(89,786)	-
Proceeds from long-term debt	1,070,000	-	1,070,000	2,805,000
Debt principal payments	(2,570,000)	-	(2,570,000)	(3,055,000)
Interest paid on revenue bonds	(311,716)	-	(311,716)	(451,642)
Purchases of property and equipment	(1,482,907)	(901,342)	(2,384,249)	(875,434)
Proceeds from sale of property and equipment	-	-	-	21,829
Net cash used in capital and related financing activities	(3,384,409)	(901,342)	(4,285,751)	(1,555,247)
Investing activities:				
Proceeds from sale/maturities of investments	11,014,881	1,015,273	12,030,154	6,300,000
Purchase of investments	(11,982,156)	(865,273)	(12,847,429)	(5,735,354)
Interest received on investments	49,174	11,563	60,737	77,909
Net cash provided by (used in) investing activities	(918,101)	161,563	(756,538)	642,555
Net increase (decrease) in cash and cash equivalents	(2,567,030)	139,062	(2,427,968)	1,403,248
Cash and cash equivalents - beginning of year	4,140,291	669,704	4,809,995	3,406,747
Cash and cash equivalents - end of year	$ 1,573,261	$ 808,766	$ 2,382,027	$ 4,809,995
Noncash activity:				
Capital contributions received in-kind	$ 490,643	$ 203,110	$ 693,753	$ 680,309
Reconciliation to Statement of Net Position				
Cash and cash equivalents	$ 426,729	$ 808,766	$ 1,235,495	$ 2,898,758
Restricted cash and cash equivalents	1,146,532	-	1,146,532	1,911,237
	$ 1,573,261	$ 808,766	$ 2,382,027	$ 4,809,995

See notes to basic financial statements.

Governmental Activities- Internal Service Funds	
2016	2015
$ 51,149	$ 13,517
8,578,464	7,971,540
(1,665,920)	(1,823,261)
(6,958,461)	(6,721,920)
-	-
5,232	(560,124)
(78,809)	(12,000)
1,065,059	1,026,666
986,250	1,014,666
-	-
-	-
-	-
-	-
(1,115,371)	(986,607)
94,902	-
(1,020,469)	(986,607)
3,819,532	3,334,819
(4,200,659)	(3,585,027)
48,239	39,111
(332,888)	(211,097)
(361,875)	(743,162)
1,693,084	2,436,246
$ 1,331,209	$ 1,693,084
$ -	$ -
$ 1,331,209	$ 1,693,084
-	-
$ 1,331,209	$ 1,693,084

(Continued)

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
Year Ended September 30, 2016 with Comparative Total for Year Ended September 30, 2015

	Business Type Activities			
			Totals	
	Water & Sewer	Other Proprietary	2016	2015
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 195,345	$ 454,663	$ 650,008	$ 1,018,170
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,573,086	86,448	1,659,534	1,598,668
Change in assets and liabilities:				
Accounts receivable	568,243	(18,606)	549,637	(840,395)
Inventory of materials and supplies	(18,940)	(8,364)	(27,304)	(3,604)
Due to/from other funds	(1,334,861)	4,602	(1,330,259)	27,312
Prepaids and other assets	1,506	10,925	12,431	(18,749)
Accounts payable and other	732,600	245,938	978,538	406,063
Customer deposits and unearned revenue	194,885	107,235	302,120	205,142
Net cash provided by (used in) operating activities	$ 1,911,864	$ 882,841	$ 2,794,705	$ 2,392,607

See notes to basic financial statements.

	Governmental Activities Internal Service Funds	
	2016	2015
$	(836,445)	$ (1,407,468)
	775,897	762,817
	5,181	-
	(13,755)	10,884
	8,723	29,273
	-	-
	65,631	44,370
	-	-
$	5,232	$ (560,124)

CITY OF HURST, TEXAS

AGENCY FUND
STATEMENTS OF ASSETS AND LIABILITIES
September 30, 2016 and 2015

	2016	2015
Assets		
Investments	$ 2,484,617	$ 2,284,759
Total assets	$ 2,484,617	$ 2,284,759
Liabilities		
Assets held for others	$ 2,484,617	$ 2,284,759
Total liabilities	$ 2,484,617	$ 2,284,759

See notes to basic financial statements.

CITY OF HURST

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hurst, Texas (the "City") Home Rule Charter was adopted December 19, 1956, pursuant to Resolution No. 100, adopted November 13, 1956. The City operates under a Council-Manager form of government and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, and water and sewer utilities.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. Significant City policies are described below.

Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, in substance, are part of the City's operations.

The Hurst Community Services Development Corporation (HCDC) was incorporated in 1993 under the provisions of the Development Corporation Act of 1979, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended. HCDC operates under a seven member Board of Directors appointed by the City Council. The purpose of HCDC is to promote and finance projects required or suitable for athletic, entertainment, tourist, conventions, public parks, and related purposes. The Board of Directors of HCDC is substantially the same as the City Council and the City will ultimately bear the benefit or burden. HCDC has been incorporated into these basic financial statements as a blended component unit. Separate financial statements for HCDC are not released.

The Hurst Crime Control and Prevention District (HCCPD) was authorized by voter referendum on September 9, 1995 for five years under the provisions of the Crime Control and Prevention District Act, Article 2370c-4, Section 3.01, Vernon Civil Statutes, as amended. The district was renewed by voter referendum on August 12, 2000 for ten years and again on May 8, 2010 for twenty years. The HCCPD operates under a seven member Board of Directors appointed by the City Council. The purpose of the HCCPD is to provide relief to the General Fund for expanded crime prevention and enforcement activities. The Board of Directors of the HCCPD is substantially the same as the City Council and the City will ultimately bear the benefit or burden. The HCCPD has been incorporated into these basic financial statements as a blended component unit. Separate financial statements for HCCPD are not released.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. These financial statements include the financial activities of the overall government except the agency fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their net asset use. Separate financial statements are provided for governmental funds, proprietary funds, internal service funds, and agency fund. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues susceptible to accrual as available if they are collected within 60 days after year-end.

Those revenues susceptible to accrual are property taxes, sales taxes, franchise taxes, fines, interest, and charges for services. Licenses and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The major governmental funds are:

General Fund: The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds:

HCDC – To account for the sales and use tax levied by the City on behalf of HCDC.

Anti-crime – To account for the sales and use tax levied by the City on behalf of HCCPD.

Capital Projects Funds:

Special Projects Fund – To account for the purchase or construction of building improvements, computer equipment, and office machinery and equipment. Financing is provided primarily by operating transfers from the General Fund.

Internal Service Funds

The internal service funds account for the financing of goods or services provided by one department to other departments of the City on a user charge basis.

Fleet Service Fund – To account for the acquisition and financing of replacement vehicles of the General Fund and the repair and maintenance of vehicles. Operations are financed by charges to the user departments based on vehicle usage.

The Loss Reserve Fund – To account for the City's partially self-insured health care program. The program is financed by charges to user departments based on the number of covered employees and dependents.

Information Services Fund – To account for the personnel and operating costs of information services and the replacement cost of all computer related equipment. Operations are financed by charges to user departments on a cost-reimbursement basis.

Proprietary Funds

The Water and Sewer Enterprise Fund accounts for providing water and sewer to residential and commercial users and is accounted for using the accrual basis of accounting. This fund accounts for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year-end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Enterprise Fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

The agency fund is used to report assets held for beneficiaries to fund future post-employment benefits other than pensions. The City utilizes a trust to hold required contributions for other post-employment benefits.

Cash and Cash Equivalents

For purposes of reporting cash flows, the proprietary funds consider cash and investments with an initial maturity of less than three months as cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the City as well as property taxes and sales taxes receivable. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Certificates of deposit are stated at cost with interest accrued as earned for government-wide presentation. External investment pools are stated at amortized cost. Other investments are stated at fair value, defined as the price at which two willing parties would complete an exchange.

Inventories

Inventories in the general and proprietary fund types are carried at cost (first-in, first-out method). General fund inventories are recognized as expenditures when consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure such as roads, bridges, drainage systems, and lighting systems are reported at historical cost except for contributed assets which are recorded at their estimated fair value at the date received. Intangible assets with indefinite lives are recorded at cost and no amortization is taken. Intangible assets of the City consist of right of ways and easements. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 - 40 years
Infrastructure	20 - 30 years
Water and sewer system	50 years
Improvements	10 - 20 years
Machinery and equipment	3 - 17 years

Interest expense is capitalized on capital projects with durations over one year in the proprietary funds. Interest is capitalized until the project is ready for the intended use. The minimum capitalization threshold is any item with a total cost greater than $5,000.

Compensated Absences

Vested vacation leave (unpaid to employees terminated before year-end) that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The long-term portion of compensated absences for governmental funds is reflected in the statement of net position. Vested or accumulated vacation leave within proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvested accumulating rights to receive sick pay benefits.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund Transactions

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charged between funds for these advances.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable fund balance, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities. The City allows encumbrances to lapse leaving no reservation of fund balance at September 30, 2016.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City is reporting balances for deferred losses on bond refundings in both the government-wide Statement of Net Position and the Statement of Net Position – Proprietary Funds. A deferred loss on a bond refunding results when the issuance price of the refunding debt exceeds the carrying value of the debt that is refunded. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows also include pension related balances, which are detailed in Note 8.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows include pension related balances, which are detailed in Note 8.

Minimum Fund Balance

City management must institute a plan to achieve and maintain an unassigned fund balance in the general fund equal to no less than 90 days of operating expenditures. The City considers a balance of less than 90 days of operating expenditures to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the goal or has a deficiency, the City will enact its fiscal management plan. The fiscal management plan provides specific language to guide expenditure reduction and/or revenue enhancement actions.

Fund Balance Classifications and Uses

Committed - The City Council has the highest level of decision making authority. A resolution approved by the Council is the formal action required to establish, modify, or rescind a fund balance commitment.

Assigned - The City Council has authorized the City's Managing Director of Finance and Accounting/Fiscal Services or the City Manager as the officials authorized to assign fund balance to a specific purpose as established by the fund balance policy. Assignments of fund balance are mostly related to funds identified for future capital needs and technology needs.

The highest level of restricted resources are utilized first when an expense is incurred for which restricted, committed, or assigned resources are available. Unassigned resources are utilized after all other resources have been exhausted. Restricted funds in the general fund are primarily hotel tax collections and amounts held for the NETS Urban Transit District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A description of the purposes of the restricted, committed, and assigned governmental fund balances at September 30, 2016 and 2015 follows:

	2016	2015
Restricted:		
Capital	$ 9,402,759	$ 6,112,093
Community development	6,036,598	5,978,143
Public safety	6,722,162	7,473,622
Debt service	993,922	1,060,111
Traffic signal safety	666,084	210,371
Urban transit	701,590	656,688
Other	244,137	216,926
Total restricted fund balances	$ 24,767,252	$ 21,707,954
Committed:		
Parks	$ 365,042	$ 305,069
Assigned:		
Building security	$ 173,504	$ 179,799
Technology	173,393	169,195
Juvenile cash management	234,322	237,601
Capital and special projects	17,066,513	18,697,454
Total assigned fund balances	$ 17,647,732	$ 19,284,049

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Prior-Year Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's basic financial statements for the year ended September 30, 2015.

NOTE 2. BUDGETARY DATA AND STEWARDSHIP

The City is required to annually adopt budgets for the General, Special Revenue, and Debt Service Funds on a basis consistent with GAAP. Budgeted amounts are originally adopted by the City Council for the 2015-2016 budget. There were no individual amendments to the original appropriations. Such appropriations lapse at year-end.

NOTE 2. BUDGETARY DATA AND STEWARDSHIP (Continued)

The City follows these procedures in establishing budgetary data reflected in the basic financial statements.

(1) Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

(2) Public hearings are conducted to obtain taxpayer comments.

(3) Prior to September 30, the budget is legally enacted through passage of an ordinance.

(4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council, after public hearings.

(5) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Debt Service Funds.

(6) Budgetary data for the Capital Projects Funds have not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Fund is not employed, and comparison of actual results of operations to budgetary data for such funds is not presented.

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended September 30, 2016:

HCDC special revenue	$ 157,026
Anti-crime special revenue	576,257
Debt service fund	13,138
HCDC debt service	32,777
Hotel/Motel debt service	31,513

Excesses are funded by available fund balance.

NOTE 3. CASH AND INVESTMENTS

The City's cash and investment policies are governed by State statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be FDIC-insured institutions, and depositories must fully collateralize all deposits in excess of FDIC insurance limits.

Deposits –The carrying amount of the City's deposits is $10,578,417 while the bank balance is $12,385,030 at September 30, 2016. The bank balance is completely covered by Federal depository insurance or by collateral held by the City's agent in the City's name.

NOTE 3. CASH AND INVESTMENTS (Continued)

The City's investments are registered or held by the City or its agent in the City's name at September 30, 2016 and are as follows:

	Value	Weighted Average Maturity (Years)
Certificates of deposit	$ 45,700,000	1.94
Investment pools	8,818,276	.20
U.S. government agency securities	13,770,917	1.69
	$ 68,289,193	
Portfolio weighted average maturity		1.67

The City's investment in investment pools at September 30, 2016, represents an investment in Texpool and Texstar. Texpool and Texstar operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. They use amortized cost rather than fair value to report net assets to compute share prices. The State Comptroller oversees Texpool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over Texstar, advisory boards consisting of participants and their designees maintain oversight responsibility for the investment pool.

Investments in any one issuer that represent 5% or more of the City's total investments follow:

Issuer	Investment Type	Reported Amount
Comerica	Certificates of Deposit	$ 16,000,000
Legacy Texas	Certificates of Deposit	17,000,000
Fannie Mae	Government Securities	4,518,481
		$ 37,518,481

Interest Rate Risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, in obligations of the State of Texas and related agencies, in obligations of states, agencies, counties, cities and other political subdivisions of any state rated "A" or above by Standard & Poor's Corporation or Moody's, repurchase agreements and designated investment pools. The City's investment in Texpool and Texstar are both rated AAAm by Standard & Poor's Corporation.

Custodial Credit Risk – The City invests in certificates of deposit at a bank with initial maturities greater than three months. These certificates of deposit are collateralized by securities held in the City's name by pledging financial institutions.

Fair Value – The City records government securities at fair value based on market prices at the measurement date. This valuation technique qualifies the government securities as Level 1 investments. The City has no assets or liabilities measured at fair value based on Level 2 or Level 3 valuation techniques. These techniques would involve obtaining other observable inputs besides market prices for Level 2 valuation or utilizing unobservable inputs for Level 3.

NOTE 4. PROPERTY TAX

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located in the City. The total assessed value upon which the fiscal 2016 levy is based is approximately $3,020,221,000. Such assessed value is computed based on 100% appraised values.

General property taxes are limited by the Texas Constitution to $2.50 per $100 of assessed valuation and by the City's Home Rule Charter to $1.50 per $100 of assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2016 is $0.606 per $100 of assessed valuation.

Property taxes attach as an enforceable lien on property as of January 1 following the levy date. Taxes are due by January 31 following the levy date. Current tax collections for the year ended September 30, 2016 are approximately 99% of the tax levy.

NOTE 5. NET RECEIVABLES

Net receivables consist of the following at September 30, 2016 and 2015:

	2016	2015
Governmental activities:		
Taxes receivable	$ 3,684,951	$ 3,668,508
Contract receivables	1,024,465	1,103,375
Charges to users	1,514,933	1,328,698
Interest	231,158	191,795
Other	282,561	279,643
Total governmental activities net receivables	6,738,068	6,572,019
Business-type activities:		
Charges to users	3,032,768	3,582,405
Interest	123,137	82,547
Other	141,141	109,819
Total business-type activities net receivables	3,297,046	3,774,771
Total net receivables	$ 10,035,114	$ 10,346,790

NOTE 6. CAPITAL ASSETS

A summary of changes in governmental activities capital assets follows:

	Balance October 1, 2015	Additions	Disposals/ Reclassifications	Balance September 30, 2016
Capital assets not being depreciated:				
Land	$ 56,603,804	$ -	$ 465,187	$ 57,068,991
Construction in progress	33,229,540	6,634,845	(34,942,234)	4,922,151
Capital assets being depreciated:				
Buildings and improvements	73,965,257	-	15,065,499	89,030,756
Improvements other than buildings	145,390,914	-	9,031,090	154,422,004
Machinery and equipment	31,902,227	964,782	(3,408,071)	29,458,938
Total depreciable	251,258,398	964,782	20,688,518	272,911,698
Less accumulated depreciation for:				
Buildings and improvements	(30,142,216)	(3,054,205)	3,325,503	(29,870,918)
Improvements other than buildings	(114,110,438)	(3,312,070)	120,397	(117,302,111)
Machinery and equipment	(26,662,841)	(1,516,300)	7,143,837	(21,035,304)
Total accumulated depreciation	(170,915,495)	(7,882,575)	10,589,737	(168,208,333)
Total depreciable - net	80,342,903	(6,917,793)	31,278,255	104,703,365
Governmental activities capital assets, net	$ 170,176,247	$ (282,948)	$ (3,198,792)	$ 166,694,507

	Balance October 1, 2014	Additions	Disposals/ Reclassifications	Balance September 30, 2015
Capital assets not being depreciated:				
Land	$ 56,603,804	$ -	$ -	$ 56,603,804
Construction in progress	20,037,325	14,049,958	(857,743)	33,229,540
Capital assets being depreciated:				
Buildings and improvements	73,950,357	14,900	-	73,965,257
Improvements other than buildings	145,059,585	189,326	142,003	145,390,914
Machinery and equipment	29,938,258	1,826,265	137,704	31,902,227
Total depreciable	248,948,200	2,030,491	279,707	251,258,398
Less accumulated depreciation for:				
Buildings and improvements	(27,068,466)	(3,073,750)	-	(30,142,216)
Improvements other than buildings	(110,707,332)	(3,403,106)	-	(114,110,438)
Machinery and equipment	(25,520,945)	(1,685,489)	543,593	(26,662,841)
Total accumulated depreciation	(163,296,743)	(8,162,345)	543,593	(170,915,495)
Total depreciable - net	85,651,457	(6,131,854)	823,300	80,342,903
Governmental activities capital assets, net	$ 162,292,586	$ 7,918,104	$ (34,443)	$ 170,176,247

Equipment in service under a capital lease amounts to $2,654,688 at September 30, 2016 and 2015. Amortization on the assets is included in depreciation and amounts to $156,235 and $107,224 for the years ended September 30, 2016 and 2015, respectively. Accumulated amortization on the assets is $692,356 and $536,121 as of September 30, 2016 and 2015, respectively.

NOTE 6. CAPITAL ASSETS (Continued)

Depreciation is charged to functions as follows:

	2016	2015
Governmental activities:		
General government	$ 1,397,400	$ 1,958,963
Public safety	1,253,157	816,235
Culture and recreation	2,195,140	2,203,833
Public works	3,036,878	3,183,314
Total governmental activities depreciation expense	$ 7,882,575	$ 8,162,345

Depreciation on capital assets held by the City's Internal Service Funds, which are predominantly related to governmental activities, is charged to various functions based on their usage of the assets and included in the amounts above.

Construction in progress consists of the following at September 30, 2016:

	Project Authorization	Expended Through September 30, 2016	Committed September 30, 2016
Community services improvements	$ 10,769,323	$ 1,565,378	$ 9,203,945
Street improvements	1,391,887	853,506	538,381
Other	9,758,388	2,503,267	7,255,121
Total	$ 21,919,598	$ 4,922,151	$ 16,997,447

The "project authorization" and "committed" amounts above are based on City estimates of total project costs.

A summary of changes in business-type capital assets follows:

	Balance October 1, 2015	Additions	Disposals/ Reclassifications	Balance September 30, 2016
Capital assets not being depreciated:				
Land	$ 402,478	$ -	$ (3,000)	$ 399,478
Construction in progress	1,171,040	2,286,453	(1,376,429)	2,081,064
Capital assets being depreciated:				
Utility plant in service	74,746,739	621,713	648,131	76,016,583
Buildings and improvements	509,262	-	-	509,262
Machinery and equipment	3,368,608	177,283	(428,040)	3,117,851
Total depreciable	78,624,609	798,996	220,091	79,643,696
Less accumulated depreciation for:				
Utility plant in service	(30,630,681)	(1,475,123)	287,954	(31,817,850)
Buildings and improvements	(177,382)	(16,975)	-	(194,357)
Machinery and equipment	(2,854,570)	(167,436)	731,773	(2,290,233)
Total accumulated depreciation	(33,662,633)	(1,659,534)	1,019,727	(34,302,440)
Total depreciable - net	44,961,976	(860,538)	1,239,818	45,341,256
Business-type activities capital assets, net	$ 46,535,494	$ 1,425,915	$ (139,611)	$ 47,821,798

NOTE 6. CAPITAL ASSETS (Continued)

	Balance October 1, 2014	Additions	Disposals/ Reclassifications	Balance September 30, 2015
Capital assets not being depreciated:				
Land	$ 402,478	$ -	$ -	$ 402,478
Construction in progress	1,194,058	527,707	(550,725)	1,171,040
Capital assets being depreciated:				
Utility plant in service	73,345,232	850,782	550,725	74,746,739
Buildings and improvements	509,262	-	-	509,262
Machinery and equipment	3,287,646	177,255	(96,293)	3,368,608
Total depreciable	77,142,140	1,028,037	454,432	78,624,609
Less accumulated depreciation for:				
Utility plant in service	(29,189,153)	(1,449,280)	7,752	(30,630,681)
Buildings and improvements	(160,407)	(16,975)	-	(177,382)
Machinery and equipment	(2,808,552)	(132,412)	86,394	(2,854,570)
Total accumulated depreciation	(32,158,112)	(1,598,667)	94,146	(33,662,633)
Total depreciable - net	44,984,028	(570,630)	548,578	44,961,976
Business-type activities capital assets, net	$ 46,580,564	$ (42,923)	$ (2,147)	$ 46,535,494

Construction in progress consists of the following at September 30, 2016:

	Project Authorization	Expended Through September 30, 2016	Committed September 30, 2016
Water	$ 2,101,305	$ 796,162	$ 1,305,143
Sewer	2,593,368	524,889	2,068,479
Other	2,851,190	760,013	2,091,177
Total	$ 7,545,863	$ 2,081,064	$ 5,464,799

In agreements dated August 19, 1996, the City and HCDC agreed to help fund certain expansion to North East Mall planned by the owner, Southeastern Simon, Inc. (Developer). The City and HCDC receive substantial benefit from the mall through 1% and ½% sales taxes, respectively, and believe that the ultimate economic gain in increased sales and property taxes and general economic expansion will be greater than the cost shared by the City and HCDC to help the Developer finance the expansion. The agreements describe two specific retail projects: mall expansion and community center.

Under the terms of the mall expansion agreement, the City and HCDC will pay to the developer an economic development incentive equal to a portion of sales tax revenues from certain new stores added in the expansion of North East Mall. The amount will be paid in the ratio of 2/3 from the City and 1/3 from HCDC (1% and ½% sales tax, respectively), and is being paid over 20 years, includes an interest factor of 7.50% of the unpaid principal balance, and will total no more than $34,581,563 in principal. The 20 year period began with the first full year of tax collections after the last opening of the new department stores (February 2003 taxes were paid in April 2003). Because the actual liability is not estimable, expenditures will be recorded in the year paid. In addition, the City provided $8,000,000 in streets and other infrastructure improvements, recorded as capital outlays when incurred.

The City also received from the Developer $4,381,510 to be used for the initial purchase of land. The land, which was purchased with this money, was given to the Developer.

NOTE 6. CAPITAL ASSETS (Continued)

No amount is accrued for unpaid interest. All principal and interest outstanding at the end of the term will be forgiven. Payments to the Developer will be applied in the following order:

1. Current year principal
2. Current year interest
3. Outstanding principal from prior years, if any
4. Outstanding interest from prior years, if any
5. Outstanding unpaid future principal

NOTE 7. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the years ended September 30, 2016 and 2015 (in thousands):

	Governmental Activities				
	Accrued Vacation and Sick Pay	Sales Tax Revenue Bonds	C.O. and G.O. Bonds	Capital Lease	Total
Balance at October 1, 2014	$ 4,257	$ 1,020	$ 54,571	$ 1,256	$ 61,104
Additions	2,456	-	6,434	529	9,419
Reductions	(1,754)	(340)	(6,068)	(460)	(8,622)
Balance at September 30, 2015	4,959	680	54,937	1,325	61,901
Additions	2,861	-	18,077	-	20,938
Reductions	(2,149)	(235)	(14,106)	(429)	(16,919)
Balance at September 30, 2016	$ 5,671	$ 445	$ 58,908	$ 896	$ 65,920

	Business-type Activities		
	Accrued Vacation and Sick Pay	C.O. and G.O. Bonds	Total
Balance at October 1, 2014	$ 197	$ 14,173	$ 14,370
Additions	302	3,068	3,370
Reductions	(302)	(3,105)	(3,407)
Balance at September 30, 2015	197	14,136	14,333
Additions	275	1,210	1,485
Reductions	(276)	(2,640)	(2,916)
Balance at September 30, 2016	$ 196	$ 12,706	$ 12,902

Substantially all vacation and sick leave is paid by the General Fund. Accrued vacation and sick pay are reported in governmental funds only if termination has occurred and the balance is due at year-end.

NOTE 7. LONG-TERM DEBT (Continued)

Governmental Activities:

	Outstanding	Due next year
Capital Lease:		
$1,785,305 capital lease due in annual installments of $466,353 through February 2018, plus interest at 2.75%, secured by equipment	$ 895,596	$ 441,724
Sales Tax Revenue Bonds:		
$3,505,000 Series 2011 Sales Tax Refunding Bonds due in annual installments of $105,000 to $670,000 through August 2019, plus interest at 2.40%	445,000	240,000
Tax and Water and Sewer (Limited Pledge) Certificates of Obligation:		
$2,000,000 Series 2006 Certificates of Obligation due in annual installments of $50,000 to $145,000 through August 2026, plus interest at 4.15% to 5.20%, partially refunded in November 2013	100,000	100,000
$2,000,000 Series 2007 Certificates of Obligation due in annual installments of $10,000 to $100,000 through August 2027, plus interest at 4.05% to 5.00%, partially refunded in November 2013 and July 2015	250,000	100,000
$6,040,000 Series 2008 Certificates of Obligation due in annual installments of $105,000 to $385,000 through August 2038, plus interest at 3.25% to 5.00%, partially refunded August 2016	290,000	140,000
$2,245,000 Series 2008 Certificates of Obligation due in annual installments of $65,000 to $175,000 through August 2028, plus interest at 3.50% to 5.00%, partially refunded in August 2016	210,000	105,000
$6,035,000 Series 2008 Certificates of Obligation due in annual installments of $105,000 to $380,000 through August 2038, plus interest at 3.25% to 5.00%, partially refunded in August 2016	290,000	140,000
$2,030,000 Series 2009 Certificates of Obligation due in annual installments of $60,000 to $145,000 through August 2029, plus interest at 2.00% to 4.625%	1,485,000	90,000
$7,355,000 Series 2014 Certificates of Obligation due in annual installments of $265,000 to $495,000 through August 2034, plus interest at 3.00% to 3.75%	6,800,000	295,000
$3,750,000 Series 2015 Certificates of Obligation due in annual installments of $95,000 to $185,000 through August 2035, plus interest at 2.00% to 4.00%	2,530,000	95,000
$4,905,000 Series 2016 Certificates of Obligation due in annual installments of $175,000 to $345,000 through August 2036, plus interest at 2.00% to 4.00%	4,905,000	175,000
Certificates of Obligation	16,860,000	1,240,000

NOTE 7. LONG-TERM DEBT (Continued)

	Outstanding	Due next year
Tax and Water and Sewer (Limited Pledge)		
General Obligation:		
$4,500,000 Series 2006 General Obligation Bonds due in annual installments of $115,000 to $330,000 through August 2026, plus interest at 4.00% to 5.30%	225,000	225,000
$4,100,000 Series 2007 General Obligation Refunding and Improvement Bonds due in annual installments of $110,000 to $300,000 through August 2027, plus interest at 4.10% to 5.00%, partially refunded in November 2013	500,000	200,000
$2,960,000 Series 2011 General Obligation Refunding Bonds due in annual installments of $125,000 to $350,000 through August 2022, plus interest at 2.00% to 4.00%	1,745,000	300,000
$15,565,000 Series 2012 General Obligation Improvement Bonds due in annual installments of $255,000 to $870,000 through August 2042, plus interest at 2.00% to 3.375%	14,560,000	330,000
$1,810,000 Series 2012 General Obligation Refunding Bonds due in annual installments of $100,000 to $205,000 through August 2023, plus interest at 2.00% to 4.00%	1,255,000	155,000
$5,705,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $290,000 to $585,000 through August 2026, plus interest at 2.00% to 3.50%	4,985,000	290,000
$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of $10,000 to $370,000 through August 2027, plus interest at 2.00% to 4.00%	3,225,000	10,000
$1,345,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $5,000 to $160,000 through September 2028, plus interest at 2.00% to 4.00%	1,345,000	5,000
$4,945,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $15,000 to $340,000 through September 2038, plus interest at 2.00% to 4.00%	4,945,000	15,000
$4,950,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $15,000 to $340,000 through September 2038, plus interest at 2.00% to 4.00%	4,950,000	15,000
General obligation	37,735,000	1,545,000
	55,935,596	3,466,724
Net bond premium	4,313,958	258,589
Compensated absences	5,670,762	1,854,339
Total debt serviced by governmental activities	$ 65,920,316	$ 5,579,652
Business-type Activities:		
Certificates of Obligation with revenues pledged:		
$2,500,000 Series 2007 Certificates of Obligation due in annual installments of $15,000 to $120,000 through August 2027, plus interest at 4.05% to 5.00%, partially refunded in July 2015	$ 295,000	$ 120,000

NOTE 7. LONG-TERM DEBT (Continued)

	Outstanding	Due next year
$1,785,000 Series 2008 Certificates of Obligation due in annual installments of $50,000 to $135,000 through August 2028, plus interest at 3.50% to 5.00%, partially refunded in August 2016	160,000	80,000
$4,070,000 Series 2009 Certificates of Obligation due in annual installments of $120,000 to $290,000 through August 2029, plus interest at 2.00% to 4.625%	2,975,000	180,000
$3,750,000 Series 2015 Certificates of Obligation due in annual installments of $40,000 to $80,000 through August 2035, plus interest at 2.00% to 4.00%	1,085,000	40,000
Total certificates of obligation	4,515,000	420,000
General Obligation Bonds used to refund revenue bonds:		
$1,140,000 Series 2007 General Obligation refunding bonds due in annual installments of $15,000 to $115,000 through August 2020, plus interest at 4.05% to 5.00%, partially refunded in July 2015	160,000	115,000
$2,435,000 Series 2009 General Obligation refunding bonds due in annual installments of $100,000 to $305,000 through August 2019, plus interest at 2.00% to 3.875%	695,000	290,000
$2,395,000 Series 2011 General Obligation Refunding Bonds due in annual installments of $40,000 to $285,000 through August 2022, plus interest at 2.00% to 4.00%	1,450,000	245,000
$1,215,000 Series 2012 General Obligation Refunding Bonds due in annual installments of $100,000 to $135,000 through August 2023, plus interest at 2.00% to 4.00%	815,000	105,000
$2,125,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $160,000 to $315,000 through August 2026, plus interest at 2.00% to 3.50%	1,595,000	155,000
$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of $5,000 to $160,000 through August 2027, plus interest at 2.00% to 4.00%	1,670,000	5,000
$1,070,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $90,000 to $125,000 through September 2028, plus interest at 2.00% to 4.00%	1,070,000	-
Total general obligation bonds used to refund revenue bonds	7,455,000	915,000
	11,970,000	1,335,000
Net bond premium	736,345	74,628
Compensated absences	195,898	64,059
Total debt serviced by the business-type activities	$ 12,902,243	$ 1,473,687

Certain bond issues contain a provision that allows the City to prepay or call the bonds at no premium.

NOTE 7. LONG-TERM DEBT (Continued)

In 2013, the City constructed a new Senior Citizens Activity Center in Heritage Village Plaza. A limited liability company, HVSL Venture, LLC (the "Developer"), opened an independent living facility adjacent to the Senior Center. The City and the Developer entered into an Economic Development Program Agreement pursuant to Chapter 380 of the Texas Local Government Code. The agreement was reached to encourage private development and conditions of the agreement call for the City to be a guarantor of one of the Developer's loans in the amount of $1.2 million. The lender is Liberty Bank located in the City. The developers are responsible for all costs of obtaining and servicing the loan, including interest and principal payments. The City, the Developer, and Liberty Bank agree that in the event the City pays all or a portion of the Developer's loan pursuant to the subject guaranty, the City shall receive all of the Developer's and lender's right, title, and interest to the extent of such interest, if any.

The annual requirements including interest to amortize all bonds outstanding at September 30, 2016, follow:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2017	$ 3,025,000	$ 2,036,164	$ 1,335,000	$ 450,161
2018	2,800,000	1,952,883	1,375,000	405,825
2019	2,890,000	1,861,585	1,230,000	357,270
2020	2,900,000	1,766,386	1,160,000	313,885
2021	3,000,000	1,664,289	1,085,000	271,888
2022-2026	14,030,000	6,748,614	3,915,000	833,848
2027-2031	10,430,000	4,233,764	1,570,000	197,783
2032-2036	9,895,000	2,307,446	300,000	30,600
2037-2041	5,200,000	765,481	-	-
2042-2046	870,000	37,200	-	-
Total	$ 55,040,000	$ 23,373,812	$ 11,970,000	$ 2,861,260

The annual requirements including interest to amortize the capital lease outstanding at September 30, 2016, follow:

Year Ending	Capital Lease		
September 30,	Principal	Interest	Lease Payment
2017	$ 441,724	$ 24,629	$ 466,353
2018	453,872	12,481	466,353
Total	$ 895,596	$ 37,110	$ 932,706

Interest expense shown on the proprietary funds statement of revenues, expenses, and changes in net assets is net of capitalized interest when applicable. No interest was capitalized for the year ended September 30, 2015. The City capitalized interest in the amount of $73,361 for the year ended September 30, 2016.

Advance Refundings

In July 2016, the City issued $11,240,000 of refunding tax obligations and $1,070,000 water and sewer obligations to fund payment of $11,450,000 of tax certificates of obligation and $1,105,000 water and sewer obligations. As a result of these transactions, all refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The tax obligations and water and sewer obligations refunding was undertaken to reduce total future debt service payments by approximately $2,275,000 and resulted in an economic gain of approximately $1,716,000. At September 30, 2016, there is approximately $13,614,000 remaining in escrow related to advance refundings.

NOTE 8. DEFINED BENEFIT PENSION PLANS

Plan Description – The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided – TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions for the City follow:

Employee deposit rate:	7.00%
Matching ratio (City to Employee):	2 to 1
A member is vested after	5 years
Updated service credit	100% repeating
Annuity increase to retirees*	0% of CPI

Members can retire at certain ages, based on the years of service with the City.
The Service Retirement Eligibilities for the City are: 5 years/age 60, 20 years/any age

* TMRS allows cities to calculate Cost of Living Adjustments (COLAs) for retirees on an annual or ad hoc basis. The City has opted for the ad hoc basis calculation. In fiscal year 2016, the City did not grant an annuity increase to retirees. However, in fiscal year 2017, the annuity increase to retirees will be 30% of CPI-U.

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	239
Inactive employees entitled to but not yet receiving benefits	153
Active employees	383
	775

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Contributions – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Hurst were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Hurst were 9.63% and 10.15% in calendar years 2016 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were $2,472,131, and were equal to the required contributions.

Net Pension Liability – The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.55%
International equity	17.5%	6.10%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.65%
Real return	10.0%	4.03%
Real estate	10.0%	5.00%
Absolute return	10.0%	4.00%
Private equity	5.0%	8.00%
Total	100.0%	

Discount Rate – The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Change in the Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Assets (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2014	$ 145,530,199	$ 136,423,683	$ 9,106,516
Changes for the year:			
Service cost	3,659,696	-	3,659,696
Interest	10,074,733	-	10,074,733
Change of benefit terms	-	-	-
Difference between expected and actual experience	(346,324)	-	(346,324)
Changes of assumptions	2,268,583	-	2,268,583
Contributions – employer	-	2,450,163	(2,450,163)
Contributions – employee	-	1,688,782	(1,688,782)
Net investment income	-	201,292	(201,292)
Benefit payments, including refunds of employee contributions	(6,870,568)	(6,870,568)	-
Administrative expense	-	(122,612)	122,612
Other changes	-	(6,056)	6,056
Net changes	8,786,120	(2,658,999)	11,445,119
Balance at December 31, 2015	$ 154,316,319	$ 133,764,684	$ 20,551,635

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 40,986,664	$ 20,551,635	$ 3,640,272

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended September 30, 2016, the City recognized pension expense of $5,004,737.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 901,114
Changes in actuarial assumptions	1,837,294	-
Difference between projected and actual investment earnings	8,488,989	-
Contributions subsequent to the measurement date	1,785,645	-
Total	$ 12,111,928	$ 901,114

$1,785,645 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2016	$ 2,380,079
2017	2,380,079
2018	2,380,079
2019	2,189,918
2020	95,014
Total	$ 9,425,169

NOTE 9. INTERFUND BALANCES

Interfund Due To/Due From balances are primarily used to recognize: (1) internal cost allocations from internal service funds to other funds receiving services, (2) services provided by the General Fund to the Water and Sewer Enterprise Fund, (3) street rental fees from the Water and Sewer Enterprise Fund due to the General Fund, and (4) services provided by the General Fund to the Anti-Crime Special Revenue and HCDC Special Revenue Funds. These interfund balances are typically paid in the following fiscal year. At September 30, 2016, the respective interfund balances follow:

	Due From	Due To
General Fund	$ 6,454,313	$ 4,388,979
HCDC Special Revenue Fund	-	697,801
Anti-crime Special Revenue Fund	-	1,814,494
Water and Sewer Enterprise Fund	1,618,354	3,771,676
Special Projects Capital Project Fund	1,707,151	-
Nonmajor proprietary funds	-	82,566
Internal service funds	1,213,792	238,094
	$ 10,933,610	$ 10,933,610

A summary of interfund transfers for the year ended September 30, 2016, follows:

	Transfers In	Transfers Out
General Fund	$ 25,988	$ 3,154,995
HCDC Special Revenue Fund	-	1,167,340
Anti-Crime	2,546	34,485
Water and Sewer Enterprise Fund	-	176,384
Special Projects Capital Project Fund	1,818,073	-
Nonmajor governmental funds	1,567,990	-
Nonmajor proprietary funds	-	4,000
Internal service funds	1,201,416	78,809
	$ 4,616,013	$ 4,616,013

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

The HCDC Special Revenue Fund transferred funds to the HCDC Debt Service Fund so that required debt service payments are funded.

The General Fund transferred an excess of revenues over expenditures to the Special Projects Capital Projects Fund in order to provide funds for unfunded needs as well as one-time capital expenditures. The General Fund also transferred funds to the Loss Reserve fund to provide funds for underfunded healthcare costs.

NOTE 10. INDIRECT COST/STREET RENTAL FEES

The General Fund provides certain general and administrative services and use of the City's streets to the proprietary fund types. Charges for such services totaled $6,454,313 in 2016 and $6,212,063 in 2015 and are reflected as reductions of expenditures in the General Fund and as expenses in the proprietary fund types.

NOTE 11. WATER AND SEWER CONTRACTS

On May 8, 1987, the City entered into a 30 year contract with the City of Fort Worth for the transportation, treatment, and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. Sewer charges for 2016 under this contract were approximately $2,485,000.

In 1989, the City entered into a 21 year contract with the City of Fort Worth for the purchase of water. Under the terms of the contract, the City is obligated to pay varying amounts based on annual consumption and new rates established under the terms of their contract. The contract expired in 2010; however, operations have continued under the previous agreement by mutual consent pending development of a new contract. During 2016, water purchases under the contract cost approximately $4,525,000.

In 1969, the City entered into a 30 year contract with the Trinity River Authority of Texas (Authority) for the transportation, treatment, and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. The Authority wastewater transportation contracts expired January 1, 2000; however, operations have continued under the previous agreement by mutual consent pending development of a new contract.

In 1975, the City entered into another contract expiring in 2023 with the Authority for the construction of a wastewater collection point on the Authority's system. The contract enables the City to utilize the Authority's system for disposal of wastewater. Under the terms of the contract, the City is obligated to share in the cost of the operation and maintenance of the system based on sewage actually discharged. Wastewater treatment charges incurred during 2016 under the 1969 and 1975 contracts with the Authority approximates $1,459,000.

NOTE 12. CONTINGENT LIABILITIES

The City participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To transfer some of the financial risk that would occur from these exposures, the City obtained liability insurance for claims arising from its general operations, police functions, and public officials' errors and omissions, subject to a $100,000 deductible. Property losses are insured on an "all-risk" basis with a basic $10,000 deductible. The City also purchased fidelity bonds and insurance to protect the City from employee dishonesty and theft by others.

NOTE 13. RISK MANAGEMENT (Continued)

The City established a Loss Reserve Fund (an internal service fund) to account for and finance its uninsured risks of loss for the City's largest uninsured category, employee health care benefits. Under this program, the fund pays for medical claims and administrative costs to the health care provider. The administrative costs include an annual amount for coverage of claims exceeding $100,000 per covered person, a cost for potential claims after an attachment point of approximately $6,200,000 per year and costs of administering the program, about $1,500 per employee. During the twenty years of the program, the attachment point for aggregate claims has never been reached.

All operating funds of the City make payments to the Loss Reserve Fund based on estimates of the amounts needed to pay prior and current year claims and to adjust a reserve for catastrophic losses. A consulting firm provides an analysis. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Accrued claims payable, including claims that are incurred but not reported, are recorded as fund liabilities. The provision for claims is determined by estimating the amount which will ultimately be paid based on the City's experience.

Changes in the Funds' claims liability amount and administrative service amounts in fiscal years 2016 and 2015 are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates		Claims Payments	End of Fiscal Year Liability
Loss Reserve Fund					
2014-2015	$ 347,950	$ 4,949,887	Claims	$ 4,795,423	$ 502,414
			ASO	1,022,765	
2015-2016	502,414	4,600,228	Claims	4,644,646	457,996
			ASO	1,141,190	

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-end
General Fund – General Liability				
2014-2015	$ 100,000	$ 32,446	$ 32,446	$ 100,000
2015-2016	100,000	12,418	12,418	100,000

The City fully insures its building structures, contents, and equipment with purchase of commercial insurance in an all-risk blanket property insurance policy. The coverage limits have remained the same for the past several years with the following deductibles per occurrence: $10,000 for auto, $5,000 for mobile equipment, $25,000 for earthquake and flood, $10,000 for boiler and machinery.

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS

Plan Description

In conformity with GASB Statement No. 45, an actuarial valuation should be performed at least biennially. The City may perform actuarial valuations more often if, since the previous valuation, significant changes have occurred that affect the results of the valuation. The City's two most recent actuarial valuations were completed for December 2013 and December 2015. The City's post employment benefit plan is a single-employer defined benefit plan. A separate postemployment benefit plan is not available for this plan.

Eligibility

1. The benefit is available to retirees and their spouses.

2. An employee must resign and satisfy the requirements for service retirement under the Texas Municipal Retirement System with at least 10 years of consecutive full-time service with the City immediately prior to retirement or, effective 4/1/2002, have a minimum of 25 years of full-time service with the City including a minimum of eight consecutive years of full-time service with the City immediately prior to retirement.

3. A retiree or his/her spouse is INELIGIBLE for coverage if he or she is eligible for any other group coverage through employment and will be required to certify this information.

A retiree/spouse who is not eligible when the employee retires is not eligible to rejoin at a later date. And if an eligible retiree/spouse waives coverage at any time, they are not eligible for reinstatement in the future.

Cost Sharing

- AFTER AGE 65 – Enroll in Medicare Advantage Plan, currently Humana. For each qualified retiree/spouse the City will contribute to the cost of a Group Medicare Advantage Plan for the eligible retiree/spouse in lieu of coverage through the City of Hurst Retiree Health Plan (retiree/spouse must be eligible to enroll). Eligible participating retirees and spouses age 65+ have the option to select a supplementary medigap policy or another Medicare Advantage plan of their choice and the City will reimburse the retiree and/or spouse what the City would have contributed for the retiree and/or spouse to the currently provided Medicare Advantage plan with documentation of the retiree's and/or spouse's monthly payment for the alternative policy/plan. The retiree and/or spouse will be responsible for the remainder of the premium. Eligible retirees/spouses must enroll in Medicare once eligible and pay the Medicare premiums.

- BEFORE AGE 65 – Enroll in the City's Retiree Health Plan. The City will contribute to the cost of the eligible retiree/spouse/dependent coverage. The eligible retiree will also contribute towards this coverage and the cost will vary based on the eligible retiree's years of consecutive full-time service to the City immediately prior to TMRS service retirement and level of coverage. Upon reaching the age of 65, the retiree/spouse will have the After Age 65 options listed above.

Surviving Dependents

If an eligible retiree and his/her eligible dependents are covered by the City of Hurst Retiree Health Plan and the retiree dies:

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

- The surviving spouse may continue as a survivor under the plan up to age 65. He/she may continue eligible dependent coverage with the City's plan by paying the applicable retiree/dependent cost based on the retiree's years of consecutive service with the City of Hurst immediately prior to the eligible retiree's TMRS service retirement. Surviving spouses/dependents must continue to meet eligibility requirements.

- At age 65, the surviving spouse may be covered by the City's Medicare Advantage plan in effect at the time by paying 100% of the Medicare Advantage premium as long as he/she continues to meet eligibility requirements. Retiree reimbursement option is not available to surviving spouses.

Life Insurance

Effective for employees retiring 10/1/1997 or later, the City continues life insurance for the retiree at 50% of the City provided life insurance the retiree had as an active employee at no cost to the retiree. Effective 10/1/11, the maximum retiree life insurance is $75,000. The amount of retiree life insurance coverage is subject to the same percentage reductions as active employees at age 70 or older.

Dental

Eligible retirees may continue the dental coverage they had for themselves and their eligible dependents on their date of retirement by paying 100% of the premium. There is no City contribution.

IMPORTANT NOTICE: THE CITY RESERVES THE RIGHT TO AMEND, MODIFY, AND/OR TERMINATE ITS PARTICIPATION WITH RETIREE COVERAGE AT ANY TIME. NO PERSON SHALL BE VESTED IN ANY RIGHT UNDER THIS POLICY OF RETIREE COVERAGE.

Funding Policy and Annual OPEB Cost

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual OPEB cost of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The annual OPEB cost for the fiscal year ending September 30, 2016, is as follows:

Annual OPEB cost	$	875,719
Interest on OPEB asset		(7,743)
Adjustment to ARC		6,279
Annual OPEB cost end of year		874,255
Net estimated employer contributions		(981,641)
Increase in net OPEB asset		(107,386)
Net OPEB asset – as of beginning of the year		(23,793)
Net OPEB asset – as of end of year	$	(131,179)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2016 and the preceding two fiscal years were as follows:

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Fiscal Year Ended	Employer Annual Required Contribution	Employer Amount Contributed	Percentage Contributed	Net OPEB Asset
September 30, 2014	$ 774,611	$ 868,641	112%	$ (172,648)
September 30, 2015	849,067	700,212	82	(23,793)
September 30, 2016	874,225	981,641	113	(131,179)

Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2013 and 2015 is as follows:

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll	UAAL Percentage of Annual Covered Payroll
2013	$ 1,807,416	$ 10,305,299	$ 8,497,883	17.5%	$ 21,085,932	40%
2015	2,346,276	12,223,633	9,877,357	19.2%	23,504,794	42%

Under the reporting parameters, the City's retiree health care plan is 19.2% funded with an estimated actuarial accrued liability exceeding actuarial assets by $9,877,357 at December 31, 2015. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 42%.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation rate	2.50% per annum
Actuarial asset valuation	Current market value
Investment rate of return	7.00%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll Growth	3.00% per annum
Healthcare cost trend rate	Initial rate of 6.50% declining to an ultimate rate of 3.50% after 14 years

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual OPEB cost of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years*

	2015	2014
Total Pension Liability		
Service cost	$ 3,659,696	$ 3,237,732
Interest (on the Total Pension Liability)	10,074,733	9,694,314
Changes of benefit terms	-	-
Difference between expected and actual experience	(346,324)	(1,004,246)
Change of assumptions	2,268,583	-
Benefit payments, including refunds of employee contributions	(6,870,568)	(6,537,857)
Net Change in Total Pension Liability	8,786,120	5,389,943
Total Pension Liability - Beginning	145,530,199	140,140,256
Total Pension Liability - Ending (a)	154,316,319	145,530,199
Plan Fiduciary Net Position		
Contributions - employer	2,450,163	2,402,228
Contributions - employee	1,688,782	1,570,083
Net investment income	201,292	7,524,651
Benefit payments, including refunds of employee contributions	(6,870,568)	(6,537,857)
Administrative expense	(122,612)	(78,569)
Other	(6,056)	(6,459)
Net Change in Plan Fiduciary Net Position	(2,658,999)	4,874,077
Plan Fiduciary Net Position - Beginning	136,423,683	131,549,606
Plan Fiduciary Net Position - Ending (b)	133,764,684	136,423,683
Net Pension Liability - Ending (a) - (b)	$ 20,551,635	$ 9,106,516
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.68%	93.74%
Covered Employee Payroll	23,504,794	22,349,232
Net Pension Liability as a Percentage of Covered Employee Payroll	87.44%	40.75%

* GASB 68 requires 10 years of data to be provided in this schedule. The City will build this schedule over the next 10-year period.

CITY OF HURST, TEXAS

SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2016	2015
Actuarially determined contribution	$ 1,770,443	$ 1,668,977
Contributions in relation to the actuarially determined contribution	(1,770,443)	(1,668,977)
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 25,292,040	$ 23,982,153
Contributions as a percentage of covered employee payroll	7.00%	6.96%

* GASB 68 requires 10 years of data to be provided in this schedule. The City will build this schedule over the next 10-year period.

See Notes to Schedule of Contributions.

CITY OF HURST, TEXAS

SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2016	2015
Actuarially determined contribution	$ 1,770,443	$ 1,668,977
Contributions in relation to the actuarially determined contribution	(1,770,443)	(1,668,977)
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 25,292,040	$ 23,982,153
Contributions as a percentage of covered employee payroll	7.00%	6.96%

* GASB 68 requires 10 years of data to be provided in this schedule. The City will build this schedule over the next 10-year period.

See Notes to Schedule of Contributions.

CITY OF HURST

NOTES TO SCHEDULE OF CONTRIBUTIONS

NOTE 1. CONTRIBUTIONS

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods of Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	10-year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.00%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS
Year Ended September 30, 2016 with Comparative
Actual for Year Ended September 30, 2015

	2016			2015
	Original and Final Budget	Actual	Variance	Actual
Revenues:				
Taxes:				
Property taxes	$ 10,892,468	$ 10,846,853	$ (45,615)	$ 10,658,805
Penalties and interest	65,000	64,421	(579)	59,749
City sales taxes	8,599,412	10,780,175	2,180,763	10,788,437
Mixed beverage taxes	113,000	138,968	25,968	143,374
Franchise taxes	3,009,000	2,967,123	(41,877)	3,038,771
	22,678,880	24,797,540	2,118,660	24,689,136
Licenses and permits:				
Building inspection	701,500	746,095	44,595	678,712
Paving inspection	5,000	15,367	10,367	3,857
Other	12,900	21,320	8,420	24,520
	719,400	782,782	63,382	707,089
Intergovernmental:				
Grants	401,854	697,572	295,718	687,458
	401,854	697,572	295,718	687,458
Fines and fees:				
Municipal court	2,478,000	2,408,520	(69,480)	2,361,961
Library	52,000	39,520	(12,480)	43,517
	2,530,000	2,448,040	(81,960)	2,405,478
Charges for services:				
Recreational activity fees	836,825	779,718	(57,107)	808,957
Aquatic fees	297,000	327,891	30,891	144,986
Ambulance fees	705,000	851,600	146,600	668,680
Other	69,200	76,187	6,987	77,183
	1,908,025	2,035,396	127,371	1,699,806
Miscellaneous:				
Interest income	40,000	89,426	49,426	26,438
Miscellaneous	273,975	348,254	74,279	425,225
	313,975	437,680	123,705	451,663
Total revenues	28,552,134	31,199,010	2,646,876	30,640,630

(Continued)

CITY OF HURST, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS (Continued)
Year Ended September 30, 2016 with Comparative
Actual for Year Ended September 30, 2015

	2016			2015
	Original and Final Budget	Actual	Variance	Actual
Expenditures:				
General government:				
City Council	31,771	30,682	1,089	35,458
City Secretary	247,674	253,919	(6,245)	219,006
Administration (City Manager)	507,390	173,169	334,221	184,918
Judicial (municipal court)	752,881	641,493	111,388	633,199
Development	512,312	464,962	47,350	429,149
Personnel	194,978	193,765	1,213	227,974
Accounting (finance)	279,532	231,371	48,161	154,075
Nondepartmental	767,313	251,404	515,909	256,781
Information systems	-	-	-	35,438
Building maintenance	473,069	380,584	92,485	523,800
Total general government	3,766,920	2,621,349	1,145,571	2,699,798
Public safety:				
Ambulance	1,222,188	1,237,043	(14,855)	1,238,990
Police	8,563,586	8,234,521	329,065	8,287,569
Fire	6,441,254	6,629,578	(188,324)	6,257,896
Total public safety	16,227,028	16,101,142	125,886	15,784,455
Culture and recreation:				
Administration	285,457	272,211	13,246	295,335
Recreation	1,353,633	1,241,985	111,648	1,223,240
Aquatics	289,938	225,566	64,372	230,452
Parks	3,476,582	2,385,666	1,090,916	2,042,721
Library	1,665,745	1,665,765	(20)	1,597,360
Senior citizens	507,356	523,854	(16,498)	522,068
Total culture and recreation	7,578,711	6,315,047	1,263,664	5,911,176
Public works:				
Streets	1,504,014	1,307,194	196,820	1,193,188
Engineering community development	155,915	124,912	31,003	99,869
Code enforcement (code administration)	679,767	663,480	16,287	461,031
Total public works	2,339,696	2,095,586	244,110	1,754,088
Total expenditures	29,912,355	27,133,124	2,779,231	26,149,517
Excess (deficiency) of revenues over (under) expenditures	(1,360,221)	4,065,886	5,426,107	4,491,113

CITY OF HURST, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS (Continued)
Year Ended September 30, 2016 with Comparative
Actual for Year Ended September 30, 2015

	2016			2015
	Original and Final Budget	Actual	Variance	Actual
Other financing sources (uses):				
Transfers in	-	25,988	25,988	7,392
Transfers out	-	(3,154,995)	(3,154,995)	(3,215,776)
Total other financing uses	-	(3,129,007)	(3,129,007)	(3,208,384)
Revenues over (under) expenditures and other financing uses	(1,360,221)	936,879	2,297,100	1,282,729
Fund balance - beginning of year	12,287,663	12,287,663	-	11,004,934
Fund balance - end of year	$ 10,927,442	$ 13,224,542	$ 2,297,100	$ 12,287,663

CITY OF HURST, TEXAS

MAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
Year Ended September 30, 2016 with Comparative Actual for Year Ended September 30, 2015

	HCDC			
	Original and Final Budget	2016 Actual	Variance	2015 Actual
Revenues:				
Sales taxes	$ 4,579,198	$ 5,044,263	$ 465,065	$ 5,072,410
Support from governmental entities	-	-	-	-
Interest	20,000	25,368	5,368	22,569
Miscellaneous	-	1,893	1,893	7,505
Total revenues	4,599,198	5,071,524	472,326	5,102,484
Expenditures:				
Public safety	-	-	-	-
Culture and recreation	3,060,318	3,028,990	31,328	2,525,601
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	860,000	1,048,354	(188,354)	536,769
Total expenditures	3,920,318	4,077,344	(157,026)	3,062,370
Excess of revenues over expenditures	678,880	994,180	315,300	2,040,114
Other financing uses:				
Capital lease	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,167,059)	(1,167,340)	(281)	(1,362,830)
Total other financing uses	(1,167,059)	(1,167,340)	(281)	(1,362,830)
Revenues over (under) expenditures and other financing uses	(488,179)	(173,160)	315,019	677,284
Fund balance - beginning of year	4,717,267	4,717,267	-	4,039,983
Fund balance - end of year	$ 4,229,088	$ 4,544,107	$ 315,019	$ 4,717,267

CITY OF HURST, TEXAS

MAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
Year Ended September 30, 2016 with Comparative
Actual for Year Ended September 30, 2015

	Anti-Crime			
	Original and Final Budget	2016 Actual	Variance	2015 Actual
Revenues:				
Sales taxes	$ 5,162,614	$ 5,438,519	$ 275,905	$ 5,358,521
Support from governmental entities	68,800	116,680	47,880	80,314
Interest	35,000	49,321	14,321	49,428
Miscellaneous	25,300	30,307	5,007	23,191
Total revenues	5,291,714	5,634,827	343,113	5,511,454
Expenditures:				
Public safety	5,236,314	5,396,257	(159,943)	5,005,724
Culture and recreation	-	-	-	-
Principal retirement	429,902	429,902	-	459,807
Interest and fiscal charges	36,451	36,451	-	6,546
Capital outlay	75,424	491,738	(416,314)	1,493,976
Total expenditures	5,778,091	6,354,348	(576,257)	6,966,053
Deficiency of revenues under expenditures	(486,377)	(719,521)	(233,144)	(1,454,599)
Other financing sources:				
Capital lease	-	-	-	490,105
Transfers in	-	2,546	2,546	-
Transfers out	-	(34,485)	(34,485)	-
Total other financing sources	-	(31,939)	(31,939)	490,105
Revenues and other financing sources under expenditures	(486,377)	(751,460)	(265,083)	(964,494)
Fund balance - beginning of year	7,473,622	7,473,622	-	8,438,116
Fund balance - end of year	$ 6,987,245	$ 6,722,162	$ (265,083)	$ 7,473,622

CITY OF HURST
TEXAS

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

CITY OF HURST
TEXAS

CITY OF HURST
FUND DESCRIPTIONS

GENERAL FUND

The General Fund – Used to account for all revenues and expenditures not accounted for in other funds.

NON MAJOR DEBT SERVICE FUNDS

The Debt Service Fund – To provide for the payment of general obligation bond principal and interest as they come due. Property tax is required to be computed and levied which will be sufficient to produce the money required to pay principal and interest and fiscal agent fees as they come due.

The HCDC Debt Service Fund – To account for the sales tax revenue required to pay principal and interest and fiscal agent fees related to sales tax revenue bonds.

Hotel/Motel Debt Service Fund – To provide for the payment of bond principal and interest for the Hotel/Motel portion of the general fund as they come due.

NON MAJOR CAPITAL PROJECTS FUNDS

Street/Drainage Improvements Fund – To account for the financing and construction of various street and drainage projects. Financing was provided by general obligation bond proceeds and operating transfers from the General Fund.

2006 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds and an operating transfer from the Debt Service Fund to cover costs of financing.

2007 G.O. Bond Capital Projects Fund – To account for the financing and construction of voter approved projects. Financing was provided by general obligation bond proceeds.

2007 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2009 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2012 G.O. Bond Capital Projects Fund – To account for the financing and construction of voter approved projects. Financing was provided by general obligation bond proceeds.

2014 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2015 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2016 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

Escrow Projects Capital Projects Fund – To account for the construction of projects that are partially paid through escrow funds. Financing was provided by various sources including developer escrow funds.

NON MAJOR PROPRIETARY FUNDS

Stormwater Fund – Used to account for the collection of stormwater management service fees and the repair and maintenance of capital assets supported by this fee.

CITY OF HURST
FUND DESCRIPTIONS (Continued)

Conference & Meeting Center Fund – Used to account for the operations of the City's conference and meeting center. Fees are charged for use of the center.

INTERNAL SERVICE FUNDS

The Fleet Service Fund – Used to account for the acquisition and financing of replacement vehicles of the General Fund and the repair and maintenance of all vehicles. Operations are financed by charges to user departments based on vehicle usage.

The Loss Reserve Fund – Used to account for the City's self-insurance health care program. The program is financed by charges to user departments based on the number of covered employees and dependents.

The Information Services Fund – Used to account for the personnel and operating costs of information services and the replacement cost of all computer related equipment. Operations are financed by charges to user departments on a cost-reimbursement basis.

GOVERNMENTAL CAPITAL ASSETS

The Governmental Capital Assets – Used to account for all capital assets not used in enterprise funds.

CITY OF HURST, TEXAS

GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 122,227	$ 1,686,005
Investments	10,590,902	7,598,503
Taxes receivable	1,802,328	1,801,066
Accounts receivable	445,195	395,215
Inventories and other	1,883	1,883
Due from other funds	6,454,313	6,212,063
Total assets	$ 19,416,848	$ 17,694,735
Liabilities and Fund Balance		
Liabilities:		
Accounts payable and accrued items	$ 1,400,176	$ 2,184,662
Deposits, bonds, and other liabilities	333,434	361,765
Unearned revenue	69,717	56,156
Due to other funds	4,388,979	2,804,489
Total liabilities	6,192,306	5,407,072
Fund balance:		
Nonspendable:		
Inventory	1,883	1,883
Spendable:		
Restricted	3,104,302	2,344,861
Committed	365,042	305,069
Assigned	581,219	586,595
Unassigned	9,172,096	9,049,255
Total fund balance	13,224,542	12,287,663
Total liabilities and fund balance	$ 19,416,848	$ 17,694,735

CITY OF HURST, TEXAS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2016 with Comparative
Total for September 30, 2015

		Capital Projects			
	Debt Service	Street/ Drainage Improvements	2006 CO Bond	2007 GO Bond	2007 CO Bond
Assets					
Cash and cash equivalents	$ 777,748	$ 168,171	$ 3,500	$ 39,913	$ 53,360
Investments	250,291	-	-	-	-
Receivables:					
Taxes	24,699	-	-	-	-
Other	-	-	-	-	-
Total assets	$ 1,052,738	$ 168,171	$ 3,500	$ 39,913	$ 53,360
Liabilities					
Accounts payable and accrued items	$ 38,783	$ -	$ -	$ -	$ -
Escrow deposits and unearned revenue	20,033	-	-	-	-
Total liabilities	58,816	-	-	-	-
Fund Balances					
Restricted	993,922	168,171	3,500	39,913	53,360
Total fund balances	993,922	168,171	3,500	39,913	53,360
Total liabilities and fund balances	$ 1,052,738	$ 168,171	$ 3,500	$ 39,913	$ 53,360

Capital Projects							
2009 CO Bond	2012 GO Bond	2014 CO Bond	2015 CO Bond	2016 CO Bond	Escrow Projects	Totals 2016	Totals 2015
$ 49,630	$ 760,728	$ 56,983	$ 1,442,077	$ 1,553,221	$ 5,135	$ 4,910,466	$ 4,486,787
1,605,480	-	-	1,296,026	3,522,516	-	6,674,313	4,051,999
-	-	-	-	-	-	24,699	25,609
-	-	-	863	-	2,141	3,004	2,141
$ 1,655,110	$ 760,728	$ 56,983	$ 2,738,966	$ 5,075,737	$ 7,276	$ 11,612,482	$ 8,566,536
$ -	$ 543,079	$ 46,678	$ -	$ 567,228	$ -	$ 1,195,768	$ 1,277,466
-	-	-	-	-	-	20,033	116,866
-	543,079	46,678	-	567,228	-	1,215,801	1,394,332
1,655,110	217,649	10,305	2,738,966	4,508,509	7,276	10,396,681	7,172,204
1,655,110	217,649	10,305	2,738,966	4,508,509	7,276	10,396,681	7,172,204
$ 1,655,110	$ 760,728	$ 56,983	$ 2,738,966	$ 5,075,737	$ 7,276	$ 11,612,482	$ 8,566,536

CITY OF HURST, TEXAS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016 with Comparative Total for Year Ended September 30, 2015

		Capital Projects			
	Debt Service	Street/ Drainage Improvements	2006 CO Bond	2007 GO Bond	2007 CO Bond
Revenues:					
Taxes, penalty, and interest	$ 3,134,650	$ -	$ -	$ -	$ -
Interest	10,911	1,450	-	-	-
Miscellaneous	16,956	-	-	-	-
Total revenues	3,162,517	1,450	-	-	-
Expenditures:					
Bond principal payments	2,705,000	-	-	-	-
Bond issue costs/interest	2,162,614	-	-	-	-
General government	-	-	-	-	-
Capital outlay	-	754,913	15,065	-	51,849
Total expenditures	4,867,614	754,913	15,065	-	51,849
Excess (deficiency) of revenues over (under) expenditures	(1,705,097)	(753,463)	(15,065)	-	(51,849)
Other financing sources (uses):					
Debt proceeds	-	-	-	-	-
Refunding bonds issued	11,240,000	-	-	-	-
Premium on bond issuance	1,347,980	-	-	-	-
Payment to refunded bonds escrow agent	(12,517,062)	-	-	-	-
Transfers in	1,567,990	-	-	-	-
Total other financing sources	1,638,908	-	-	-	-
Net change in fund balances	(66,189)	(753,463)	(15,065)	-	(51,849)
Fund balances, beginning	1,060,111	921,634	18,565	39,913	105,209
Fund balances, ending	$ 993,922	$ 168,171	$ 3,500	$ 39,913	$ 53,360

Capital Projects						Totals	
2009 CO Bond	2012 GO Bond	2014 CO Bond	2015 CO Bond	2016 CO Bond	Escrow Projects	2016	2015
$ -	$ -	$ -	$ -	$ -	$ -	$ 3,134,650	$ 3,374,862
5,338	2,167	876	12,526	2,084	-	35,352	27,223
-	-	-	-	-	73,531	90,487	252,872
5,338	2,167	876	12,526	2,084	73,531	3,260,489	3,654,957
-	-	-	-	-	-	2,705,000	3,000,000
-	-	-	-	88,820	-	2,251,434	2,199,765
-	-	-	-	-	-	-	-
101,545	(31,234)	215,393	73,560	893,575	132,640	2,207,306	8,353,792
101,545	(31,234)	215,393	73,560	982,395	132,640	7,163,740	13,553,557
(96,207)	33,401	(214,517)	(61,034)	(980,311)	(59,109)	(3,903,251)	(9,898,600)
-	-	-	-	4,905,000	-	4,905,000	2,625,000
-	-	-	-	-	-	11,240,000	3,235,000
-	-	-	-	583,820	-	1,931,800	574,285
-	-	-	-	-	-	(12,517,062)	(3,505,346)
-	-	-	-	-	-	1,567,990	1,683,680
-	-	-	-	5,488,820	-	7,127,728	4,612,619
(96,207)	33,401	(214,517)	(61,034)	4,508,509	(59,109)	3,224,477	(5,285,981)
1,751,317	184,248	224,822	2,800,000	-	66,385	7,172,204	12,458,185
$ 1,655,110	$ 217,649	$ 10,305	$ 2,738,966	$ 4,508,509	$ 7,276	$ 10,396,681	$ 7,172,204

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 2016 with Comparative
Total for September 30, 2015

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals 2016	Totals 2015
Assets					
Cash and cash equivalents	$ 84,896	$ 692,632	$ 220	$ 777,748	$ 1,040,975
Investments	250,291	-	-	250,291	50,000
Delinquent taxes, net of allowance for uncollectible accounts of $89,473 in 2016 and $90,870 in 2015	24,699	-	-	24,699	25,609
Total assets	$ 359,886	$ 692,632	$ 220	$ 1,052,738	$ 1,116,584
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued items	$ 12,186	$ 26,597	$ -	$ 38,783	$ 38,783
Unearned revenue	20,033	-	-	20,033	17,690
Total liabilities	32,219	26,597	-	58,816	56,473
Restricted fund balances	327,667	666,035	220	993,922	1,060,111
Total liabilities and fund balances	$ 359,886	$ 692,632	$ 220	$ 1,052,738	$ 1,116,584

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016 with Comparative Total for Year Ended September 30, 2015

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals 2016	Totals 2015
Revenues:					
Taxes, penalty, and interest	$ 3,134,650	$ -	$ -	$ 3,134,650	$ 3,374,862
Interest	7,999	2,884	28	10,911	6,507
Miscellaneous	16,956	-	-	16,956	8,087
Total revenues	3,159,605	2,884	28	3,162,517	3,389,456
Expenditures:					
Principal retirement	1,910,000	660,000	135,000	2,705,000	3,000,000
Interest and fiscal charges	1,325,896	539,836	296,882	2,162,614	2,199,765
Total expenditures	3,235,896	1,199,836	431,882	4,867,614	5,199,765
Deficiency of revenues under expenditures	(76,291)	(1,196,952)	(431,854)	(1,705,097)	(1,810,309)
Other financing sources (uses):					
Refunding bonds issued	1,345,000	4,945,000	4,950,000	11,240,000	3,235,000
Premium on bond issuance	175,195	586,111	586,674	1,347,980	340,095
Payment to bonds escrow agent	(1,511,709)	(5,499,911)	(5,505,442)	(12,517,062)	(3,505,346)
Transfers in	-	1,167,340	400,650	1,567,990	1,683,680
Total other financing sources	8,486	1,198,540	431,882	1,638,908	1,753,429
Revenues and other financing sources over (under) expenditures and other financing uses	(67,805)	1,588	28	(66,189)	(56,880)
Fund balances - beginning of year	395,472	664,447	192	1,060,111	1,116,991
Fund balances - end of year	$ 327,667	$ 666,035	$ 220	$ 993,922	$ 1,060,111

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2016 with Comparative Actual for Year Ended September 30, 2015

	DEBT SERVICE			
	2016			2015
	Budget	Actual	Variance	Actual
Revenues:				
Taxes, penalty, and interest	$ 3,232,758	$ 3,134,650	$ (98,108)	$ 3,374,862
Interest	10,000	7,999	(2,001)	4,628
Miscellaneous	-	16,956	16,956	-
Total revenues	3,242,758	3,159,605	(83,153)	3,379,490
Expenditures:				
Principal retirement	1,910,000	1,910,000	-	2,135,000
Interest and fiscal charges	1,312,758	1,325,896	(13,138)	1,380,739
Total expenditures	3,222,758	3,235,896	(13,138)	3,515,739
Excess (deficiency) of revenues over (under) expenditures	20,000	(76,291)	(96,291)	(136,249)
Other financing sources (uses):				
Refunding bonds issued	-	1,345,000	1,345,000	3,235,000
Premium on bond issuance	-	175,195	175,195	340,095
Payment to bonds escrow agent	-	(1,511,709)	(1,511,709)	(3,505,346)
Total other financing sources	-	8,486	8,486	69,749
Revenues and other financing sources over (under) expenditures	20,000	(67,805)	(87,805)	(66,500)
Fund balance - beginning of year	395,472	395,472	-	461,972
Fund balance - end of year	$ 415,472	$ 327,667	$ (87,805)	$ 395,472

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
Year Ended September 30, 2016 with Comparative Actual for Year Ended September 30, 2015

	HCDC DEBT SERVICE			
	2016			2015
	Budget	Actual	Variance	Actual
Revenues:				
Interest	$ -	$ 2,884	$ 2,884	$ 1,686
Miscellaneous	-	-	-	8,087
Total revenues	-	2,884	2,884	9,773
Expenditures:				
Principal retirement	660,000	660,000	-	735,000
Interest and fiscal charges	507,059	539,836	(32,777)	548,175
Total expenditures	1,167,059	1,199,836	(32,777)	1,283,175
Deficiency of revenues under expenditures	(1,167,059)	(1,196,952)	(29,893)	(1,273,402)
Other financing sources:				
Refunding bonds issued	-	4,945,000	4,945,000	-
Premium on bond issuance	-	586,111	586,111	-
Payment to bonds escrow agent	-	(5,499,911)	(5,499,911)	-
Transfers in	1,167,059	1,167,340	281	1,282,830
Total other financing sources	1,167,059	1,198,540	31,481	1,282,830
Revenues and other financing sources over expenditures	-	1,588	1,588	9,428
Fund balance - beginning of year	664,447	664,447	-	655,019
Fund balance - end of year	$ 664,447	$ 666,035	$ 1,588	$ 664,447

(Continued)

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
Year Ended September 30, 2016 with Comparative Actual for Year Ended September 30, 2015

	Hotel/Motel Debt Service			
	2016			2015
	Budget	Actual	Variance	Actual
Revenues:				
Interest	$ -	$ 28	$ 28	$ 193
Total revenues	-	28	28	193
Expenditures:				
Principal retirement	135,000	135,000	-	130,000
Interest and fiscal charges	265,369	296,882	(31,513)	270,851
Total expenditures	400,369	431,882	(31,513)	400,851
Deficiency of revenues under expenditures	(400,369)	(431,854)	(31,485)	(400,658)
Other financing sources:				
Refunding bonds issued	-	4,950,000	(4,950,000)	-
Premium on bond issuance	-	586,674	(586,674)	-
Payment to bonds escrow agent	-	(5,505,442)	5,505,442	-
Transfers in	400,369	400,650	(281)	400,850
Total other financing sources	400,369	431,882	(31,513)	400,850
Revenues and other financing sources over expenditures	-	28	(28)	192
Fund balance - beginning of year	192	192	-	-
Fund balance - end of year	$ 192	$ 220	$ (28)	$ 192

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2016 with Comparative
Total for September 30, 2015

	Stormwater	Conference & Meeting Center	Totals 2016	Totals 2015
Assets				
Current assets:				
Cash and cash equivalents	$ 231,196	$ 577,570	$ 808,766	$ 669,704
Investments	1,170,000	-	1,170,000	1,320,000
Accounts receivable	151,709	87,576	239,285	220,679
Other receivables	8,696	-	8,696	8,060
Inventory of materials and supplies, at cost	-	45,862	45,862	37,498
Prepaids and other assets	-	3,034	3,034	13,959
Total current assets	1,561,601	714,042	2,275,643	2,269,900
Capital assets, at cost	2,991,069	5,645	2,996,714	1,892,262
Accumulated depreciation	(210,074)	(470)	(210,544)	(124,096)
Total capital assets	2,780,995	5,175	2,786,170	1,768,166
Total assets	4,342,596	719,217	5,061,813	4,038,066
Deferred Outflows of Resources				
Deferred contributions to pension plan	16,845	48,336	65,181	63,851
Change in pension assumptions	16,069	59,712	75,781	-
Investment experience related to pension plan	75,186	268,443	343,629	49,053
Total deferred outflows	108,100	376,491	484,591	112,904
Total assets and deferred outflows	$ 4,450,696	$ 1,095,708	$ 5,546,404	$ 4,150,970
Liabilities				
Current liabilities:				
Accounts payable and accrued items	$ 215,113	$ 103,727	$ 318,840	$ 175,936
Due to other funds	82,566	-	82,566	77,964
Unearned revenue	-	391,133	391,133	283,898
Current portion of compensated absences	1,457	8,576	10,033	11,786
Total current liabilities	299,136	503,436	802,572	549,584
Pension liability	196,662	628,206	824,868	352,804
Compensated absences, net of current portion	2,998	17,649	20,647	19,895
Total liabilities	498,796	1,149,291	1,648,087	922,283
Deferred Inflows of Resources				
Differences between expected and actual economic experience	8,450	24,792	33,242	29,584
Net Position				
Net investment in capital assets	2,780,995	5,175	2,786,170	1,768,166
Unrestricted	1,162,455	(83,550)	1,078,905	1,430,937
Total net position	3,943,450	(78,375)	3,865,075	3,199,103
Total liabilities, deferred inflows, and net position	$ 4,450,696	$ 1,095,708	$ 5,546,404	$ 4,150,970

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2016 with Comparative Total for Year Ended September 30, 2015

	Stormwater	Conference & Meeting Center	Totals 2016	Totals 2015
Operating revenues:				
Storm drainage utility fee	$ 1,088,847	$ -	$ 1,088,847	$ 1,085,025
Event fees	-	2,553,445	2,553,445	1,927,152
Other	54,062	-	54,062	7,451
Total operating revenues	1,142,909	2,553,445	3,696,354	3,019,628
Operating expenses:				
Personnel services	334,935	1,169,842	1,504,777	1,366,033
Repairs and maintenance	223,455	93,799	317,254	143,844
Materials and supplies	5,635	47,771	53,406	47,613
Depreciation and amortization	85,978	470	86,448	58,173
Indirect cost/street rental fees	82,566	-	82,566	77,964
Other	146,554	1,050,686	1,197,240	1,000,163
Total operating expenses	879,123	2,362,568	3,241,691	2,693,790
Operating income	263,786	190,877	454,663	325,838
Non-operating revenues:				
Interest revenue	12,199	-	12,199	8,755
Gain on sale of assets	-	-	-	2,000
Total non-operating revenues	12,199	-	12,199	10,755
Income before transfers	275,985	190,877	466,862	336,593
Contributions	203,110	-	203,110	267,169
Transfers out	(4,000)	-	(4,000)	(38,333)
Change in net position	475,095	190,877	665,972	565,429
Net position - beginning of year	3,468,355	(269,252)	3,199,103	2,633,674
Net position - end of year	$ 3,943,450	$ (78,375)	$ 3,865,075	$ 3,199,103

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended September 30, 2016 with Comparative
Total for Year Ended September 30, 2015

	Stormwater	Conference & Meeting Center	Totals 2016	Totals 2015
Cash flow from operating activities:				
Receipts from customers and users	$ 1,144,695	$ 2,640,288	$ 3,784,983	$ 3,097,712
Payments to suppliers	(227,805)	(1,194,630)	(1,422,435)	(1,159,429)
Payments to employees	(309,315)	(1,092,428)	(1,401,743)	(1,360,957)
Payments for interfund services used	(77,964)	-	(77,964)	(84,817)
Net cash provided by operating activities	529,611	353,230	882,841	492,509
Noncapital financing activities:				
Transfers to other funds	(4,000)	-	(4,000)	(38,333)
Net cash used in noncapital financing activities	(4,000)	-	(4,000)	(38,333)
Capital and related financing activities:				
Purchases of property and equipment	(895,697)	(5,645)	(901,342)	(225,978)
Proceeds from sale of property and equipment	-	-	-	4,145
Net cash used in capital and related financing activities	(895,697)	(5,645)	(901,342)	(221,833)
Investing activities:				
Proceeds from sale/maturity of investments	1,015,273	-	1,015,273	500,000
Purchase of investments	(865,273)	-	(865,273)	(300,000)
Interest received on investments	11,563	-	11,563	5,877
Net cash provided by investing activities	161,563	-	161,563	205,877
Net increase (decrease) in cash and cash equivalents	(208,523)	347,585	139,062	438,220
Cash and cash equivalents - beginning of year	439,719	229,985	669,704	231,484
Cash and cash equivalents - end of year	$ 231,196	$ 577,570	$ 808,766	$ 669,704
Noncash activity:				
Capital contributions received in-kind	$ 203,110	$ -	$ 203,110	$ 267,169

(Continued)

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
Year Ended September 30, 2016 with Comparative
Total for Year Ended September 30, 2015

	Stormwater	Conference & Meeting Center	Totals 2016	Totals 2015
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 263,786	$ 190,877	$ 454,663	$ 325,838
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	85,978	470	86,448	58,173
Change in assets and liabilities:				
Accounts receivable	1,786	(20,392)	(18,606)	(20,694)
Inventory of materials and supplies	-	(8,364)	(8,364)	(12,240)
Due to other funds	4,602	-	4,602	(6,853)
Prepaids and other assets	-	10,925	10,925	723
Accounts payable and other liabilities	173,459	72,479	245,938	48,784
Unearned revenue	-	107,235	107,235	98,778
Net cash provided by operating activities	$ 529,611	$ 353,230	$ 882,841	$ 492,509

CITY OF HURST, TEXAS

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2016 with Comparative
Total for September 30, 2015

	Fleet Service	Loss Reserve	Information Services	Totals 2016	Totals 2015
Assets					
Current assets:					
Cash and cash equivalents	$ 310,940	$ 637,751	$ 382,518	$ 1,331,209	$ 1,693,084
Investments	2,680,994	2,900,000	2,302,110	7,883,104	7,501,977
Inventory of supplies, at cost	47,857	-	-	47,857	34,102
Due from other funds	77,435	1,136,357	-	1,213,792	1,087,525
Other receivables	19,517	20,389	14,975	54,881	52,425
Total current assets	3,136,743	4,694,497	2,699,603	10,530,843	10,369,113
Property and equipment, at cost:					
Improvements other than buildings	433,451	-	-	433,451	433,451
Machinery and equipment	6,545,255	-	5,157,831	11,703,086	15,629,109
Construction in progress	59,104	-	82,500	141,604	37,471
Accumulated depreciation	(5,264,548)	-	(4,023,689)	(9,288,237)	(13,092,545)
Total property and equipment	1,773,262	-	1,216,642	2,989,904	3,007,486
Total assets	4,910,005	4,694,497	3,916,245	13,520,747	13,376,599
Deferred Outflows of Resources					
Deferred contributions to pension plan	17,921	-	28,663	46,584	45,747
Change in pension assumptions	18,185	-	29,539	47,724	-
Investment experience related to pension plan	84,213	-	136,445	220,658	35,145
Total deferred outflows	120,319	-	194,647	314,966	80,892
Total assets and deferred outflows	$ 5,030,324	$ 4,694,497	$ 4,110,892	$ 13,835,713	$ 13,457,491
Liabilities					
Current liabilities:					
Accounts payable and accrued items	$ 40,647	$ 506,576	$ 65,358	$ 612,581	$ 611,997
Due to other funds	238,094	-	-	238,094	239,461
Current portion of compensated absences	6,293	-	10,704	16,997	17,162
Total current liabilities	285,034	506,576	76,062	867,672	868,620
Compensated absences	11,687	-	19,879	31,566	31,872
Net pension liability	202,173	-	324,929	527,102	229,814
Total liabilities	498,894	506,576	420,870	1,426,340	1,130,306
Deferred Inflows of Resources					
Differences between expected and actual economic experience	9,034	-	14,467	23,501	21,197
Net position					
Net investment in capital assets	1,773,262	-	1,216,642	2,989,904	3,007,486
Unrestricted	2,749,134	4,187,921	2,458,913	9,395,968	9,298,502
Total net position	4,522,396	4,187,921	3,675,555	12,385,872	12,305,988
Total liabilities, deferred inflows, and net position	$ 5,030,324	$ 4,694,497	$ 4,110,892	$ 13,835,713	$ 13,457,491

CITY OF HURST, TEXAS

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2016 with Comparative
Total for Year Ended September 30, 2015

	Fleet Service	Loss Reserve	Information Services	Totals 2016	Totals 2015
Operating revenues:					
Service fees	$ 1,614,439	$ 4,894,613	$ 2,060,689	$ 8,569,741	$ 7,942,267
Other	34,472	-	11,496	45,968	13,517
Total operating revenues	1,648,911	4,894,613	2,072,185	8,615,709	7,955,784
Operating expenses:					
Personnel services	358,214	6,054,170	566,459	6,978,843	6,879,437
Contractual services	-	-	116,596	116,596	169,539
Repairs and maintenance	22,300	-	354,825	377,125	384,281
Materials and supplies	743,641	-	460,052	1,203,693	1,167,178
Depreciation and amortization	490,675	-	285,222	775,897	762,817
Total operating expenses	1,614,830	6,054,170	1,783,154	9,452,154	9,363,252
Operating income (loss)	34,081	(1,159,557)	289,031	(836,445)	(1,407,468)
Non-operating revenues:					
Interest	17,822	23,200	14,854	55,876	46,449
Gain (loss) on sale of property and equipment	(156,785)	-	(105,369)	(262,154)	120,989
Total non-operating revenues	(138,963)	23,200	(90,515)	(206,278)	167,438
Transfers in	34,485	1,136,357	30,574	1,201,416	1,191,666
Transfers out	-	-	(78,809)	(78,809)	(12,000)
Change in net position	(70,397)	-	150,281	79,884	(60,364)
Net position - beginning of year	4,592,793	4,187,921	3,525,274	12,305,988	12,366,352
Net position - end of year	$ 4,522,396	$ 4,187,921	$ 3,675,555	$ 12,385,872	$ 12,305,988

CITY OF HURST, TEXAS

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2016 with Comparative
Total for Year Ended September 30, 2015

	Fleet Service	Loss Reserve	Information Services	Totals 2016	Totals 2015
Cash flow from operating activities:					
Receipts from customers and users	$ 39,653	$ -	$ 11,496	$ 51,149	$ 13,517
Receipts from interfund services provided	1,623,162	4,894,613	2,060,689	8,578,464	7,971,540
Payments to suppliers	(778,626)	48,580	(935,874)	(1,665,920)	(1,823,261)
Payments to employees	(332,678)	(6,098,835)	(526,948)	(6,958,461)	(6,721,920)
Net cash provided by (used in) operating activities	551,511	(1,155,642)	609,363	5,232	(560,124)
Noncapital financing activities:					
Transfers to other funds	-	-	(78,809)	(78,809)	(12,000)
Transfers from other funds	34,485	1,000,000	30,574	1,065,059	1,026,666
Net cash provided by (used in) noncapital financing activities	34,485	1,000,000	(48,235)	986,250	1,014,666
Capital and related financing activities:					
Proceeds from sale of property and equipment	94,902	-	-	94,902	-
Purchases of property and equipment	(810,226)	-	(305,145)	(1,115,371)	(986,607)
Net cash used in capital and related financing activities	(715,324)	-	(305,145)	(1,020,469)	(986,607)
Investing activities:					
Proceeds from sale/maturity of investments	1,300,599	1,700,981	817,952	3,819,532	3,334,819
Purchase of investments	(1,686,550)	(1,294,047)	(1,220,062)	(4,200,659)	(3,585,027)
Interest received on investments	17,822	19,478	10,939	48,239	39,111
Net cash provided by (used in) investing activities	(368,129)	426,412	(391,171)	(332,888)	(211,097)
Net increase (decrease) in cash and cash equivalents	(497,457)	270,770	(135,188)	(361,875)	(743,162)
Cash and cash equivalents - beginning of year	808,397	366,981	517,706	1,693,084	2,436,246
Cash and cash equivalents - end of year	$ 310,940	$ 637,751	$ 382,518	$ 1,331,209	$ 1,693,084
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 34,081	$ (1,159,557)	$ 289,031	$ (836,445)	$ (1,407,468)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	490,675	-	285,222	775,897	762,817
Change in assets and liabilities:					
Other receivables	5,181	-	-	5,181	-
Inventory of supplies	(13,755)	-	-	(13,755)	10,884
Due to other funds	8,723	-	-	8,723	29,273
Accounts payable and other liabilities	26,606	3,915	35,110	65,631	44,370
Net cash provided by (used in) operating activities	$ 551,511	$ (1,155,642)	$ 609,363	$ 5,232	$ (560,124)

CITY OF HURST, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
Year ended September 30, 2016

	Balance September 30, 2015	Additions	Reductions	Balance September 30, 2016
ASSETS				
Investments	$ 2,284,759	$ 199,858	$ -	$ 2,484,617
Total assets	$ 2,284,759	$ 199,858	$ -	$ 2,484,617
LIABILITIES				
Assets held for others	$ 2,284,759	$ 199,858	$ -	$ 2,484,617
Total liabilities	$ 2,284,759	$ 199,858	$ -	$ 2,484,617

CITY OF HURST, TEXAS

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
September 30, 2016

	Total	Land	Buildings and Improvements	Improvements Other than Buildings	Machinery and Equipment
General government:					
Legislative	$ 16,118	$ -	$ -	$ -	$ 16,118
Administrative	31,234,983	4,590,623	21,895,207	2,307,523	2,441,630
Public information	24,269	-	-	-	24,269
Judicial	186,818	-	-	-	186,818
Development	24,235	-	-	-	24,235
Accounting	83,845	-	-	-	83,845
Information services	233,861	-	-	-	233,861
Central services	29,960	-	-	-	29,960
General government buildings	23,358,218	14,988,681	4,790,277	2,971,143	608,117
Building maintenance	2,020,190	77,679	1,804,699	-	137,812
	57,212,497	19,656,983	28,490,183	5,278,666	3,786,665
Internal service funds	12,136,537	-	-	433,451	11,703,086
Public safety:					
Police	26,988,076	-	18,689,615	42,722	8,255,739
Fire	9,095,295	249,426	7,618,783	13,399	1,213,687
	36,083,371	249,426	26,308,398	56,121	9,469,426
Culture and recreation:					
Administration	4,382,355	1,030,637	3,298,211	25,385	28,122
Recreation	10,503,979	853,503	7,916,894	100,000	1,633,582
Aquatics	13,053,457	368,681	2,421,770	9,897,633	365,373
Parks	25,128,838	10,295,688	9,108,550	4,833,413	891,187
Library	8,708,713	204,434	7,393,855	153,197	957,227
	61,777,342	12,752,943	30,139,280	15,009,628	3,875,491
Public works:					
Code enforcement	71,619	-	6,591	-	65,028
Engineering	26,923,573	147,373	4,078,704	22,409,969	287,527
Streets	135,775,750	24,262,266	7,600	111,234,169	271,715
	162,770,942	24,409,639	4,092,895	133,644,138	624,270
Total governmental capital assets	329,980,689	$ 57,068,991	$ 89,030,756	$ 154,422,004	$ 29,458,938
Accumulated depreciation	(168,208,333)				
Construction in progress	4,922,151				
Total governmental capital assets	$ 166,694,507				

CITY OF HURST, TEXAS

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY

Year Ended September 30, 2016

	Balance October 1, 2015	Additions	Deductions	Transfers	Balance September 30, 2016
General government:					
Legislative	$ 18,008	$ -	$ (1,890)	$ -	$ 16,118
Administrative	28,030,717	-	(23,675)	3,227,941	31,234,983
Public information	34,727	-	(10,458)	-	24,269
Judicial	228,414	-	(51,448)	9,852	186,818
Development	32,534	-	(8,299)	-	24,235
Accounting	97,470	-	(13,625)	-	83,845
Information services	-	-	(11,372)	245,233	233,861
Central services	293,826	-	(18,633)	(245,233)	29,960
General government buildings	23,131,863	-	(728,624)	954,979	23,358,218
Building maintenance	2,037,509	16,557	(33,876)	-	2,020,190
	53,905,068	16,557	(901,900)	4,192,772	57,212,497
Internal service funds	16,062,560	632,747	(4,937,261)	378,491	12,136,537
Public safety:					
Police	9,349,157	60,631	(2,524,731)	20,103,019	26,988,076
Fire	9,584,423	-	(489,128)	-	9,095,295
	18,933,580	60,631	(3,013,859)	20,103,019	36,083,371
Culture and recreation:					
Administration	4,852,430	-	(470,075)	-	4,382,355
Recreation	10,571,281	36,818	(382,098)	277,978	10,503,979
Aquatics	7,726,293	-	(3,006,538)	8,333,702	13,053,457
Parks	24,327,982	-	(424,259)	1,225,115	25,128,838
Library	8,998,370	-	(301,608)	11,951	8,708,713
	56,476,356	36,818	(4,584,578)	9,848,746	61,777,342
Public works:					
Code enforcement	83,676	-	(12,057)	-	71,619
Engineering	26,951,378	-	(27,805)	-	26,923,573
Streets	135,449,584	218,029	(311,069)	419,206	135,775,750
	162,484,638	218,029	(350,931)	419,206	162,770,942
Total governmental capital assets	307,862,202	964,782	(13,788,529)	34,942,234	329,980,689
Accumulated depreciation	(170,915,495)	(7,882,575)	10,589,737	-	(168,208,333)
Construction in progress	33,229,540	6,634,845	-	(34,942,234)	4,922,151
Total governmental capital assets	$ 170,176,247	$ (282,948)	$ (3,198,792)	$ -	$ 166,694,507

STATISTICAL SECTION
(UNAUDITED)

CITY OF HURST
TEXAS

This part of the City of Hurst's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends **94**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **105**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity **112**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **120**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information **122**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

City of Hurst, Texas
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended			
	2007	**2008**	**2009**	**2010**
Governmental activities				
Net investment in capital assets	$ 103,909,458	$ 106,731,805	$ 115,265,327	$ 123,682,675
Restricted	18,098,755	18,243,351	16,181,125	23,953,817
Unrestricted	40,061,894	41,306,391	36,438,025	23,437,822
Total governmental activities net position	$ 162,070,107	$ 166,281,547	$ 167,884,477	$ 171,074,314
Business-type activities				
Net investment in capital assets	$ 24,919,742	$ 27,246,257	$ 24,262,729	$ 25,423,579
Restricted	1,208,706	2,128,461	3,150,747	4,442,197
Unrestricted	12,432,579	10,736,581	13,170,017	9,886,405
Total business-type activities net position	$ 38,561,027	$ 40,111,299	$ 40,583,493	$ 39,752,181
Primary government				
Net investment in capital assets	$ 128,829,200	$ 133,978,062	$ 139,528,056	$ 149,106,254
Restricted	19,307,461	20,371,812	19,331,872	28,396,014
Unrestricted	52,494,473	52,042,972	49,608,042	33,324,227
Total primary government net position	$ 200,631,134	$ 206,392,846	$ 208,467,970	$ 210,826,495

TABLE A-1

	Fiscal Year Ended					
	2011	**2012**	**2013**	**2014**	**2015**	**2016**
	$ 123,412,159	$ 121,727,955	$ 121,033,272	$ 117,648,033	$ 120,518,416	$ 116,996,558
	19,722,460	19,694,881	18,778,425	25,403,597	21,707,954	24,767,252
	28,479,875	31,841,636	31,971,587	28,731,273	23,104,601	16,858,946
	$ 171,614,494	$ 173,264,472	$ 171,783,284	$ 171,782,903	$ 165,330,971	$ 158,622,756
	$ 27,468,477	$ 27,973,330	$ 32,065,030	$ 32,606,567	$ 33,786,264	$ 36,190,346
	5,823,608	7,231,573	8,680,903	10,031,203	11,358,914	12,911,394
	9,724,120	10,649,487	7,565,755	6,500,430	3,816,191	468,067
	$ 43,016,205	$ 45,854,390	$ 48,311,688	$ 49,138,200	$ 48,961,369	$ 49,569,807
	$ 150,880,636	$ 149,701,285	$ 153,098,302	$ 150,254,600	$ 154,304,680	$ 153,186,904
	25,546,068	26,926,454	27,459,328	35,434,800	33,066,868	37,678,646
	38,203,995	42,491,123	39,537,342	35,231,703	26,920,792	17,327,013
	$ 214,630,699	$ 219,118,862	$ 220,094,972	$ 220,921,103	$ 214,292,340	$ 208,192,563

City of Hurst, Texas
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
Expenses				
Governmental activities:				
General government	$ 2,319,325	$ 3,621,697	$ 3,020,816	$ 2,801,900
Public safety	18,349,513	18,813,284	20,093,482	20,382,533
Culture and recreation	8,895,902	9,385,966	9,631,448	9,604,717
Public works	4,989,025	5,426,347	4,878,025	4,944,232
Interest expense	1,313,190	1,529,531	2,118,058	1,984,840
Total governmental activities expenses	35,866,955	38,776,825	39,741,829	39,718,222
Business-type activities:				
Water and sewer	15,047,571	16,136,603	16,298,745	17,642,853
Stormwater management services	-	-	-	560,894
Conference and meeting center	-	-	-	543,330
Total business-type activities expenses	15,047,571	16,136,603	16,298,745	18,747,077
Total primary government expenses	$ 50,914,526	$ 54,913,428	$ 56,040,574	$ 58,465,299
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 7,835	$ 9,800	$ 9,120	$ 175,655
Public safety	3,393,881	2,465,938	2,943,118	3,016,775
Culture and recreation	1,054,469	1,088,717	1,134,616	1,167,016
Public works	616,714	609,348	507,806	511,549
Operating grants and contributions	576,692	761,022	862,012	2,271,486
Capital grants and contributions	-	-	-	168,744
Total governmental activities program revenues	5,649,591	4,934,825	5,456,672	7,311,225
Business-type activities:				
Charges for services:				
Water and sewer services	14,276,412	16,520,146	16,628,683	16,009,016
Stormwater management services	-	-	-	1,090,340
Conference and meeting center	-	-	-	74,458
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	14,276,412	16,520,146	16,628,683	17,173,814
Total primary government program revenues	$ 19,926,003	$ 21,454,971	$ 22,085,355	$ 24,485,039

TABLE A-2

	Fiscal Year					
	2011	**2012**	**2013**	**2014**	**2015**	**2016**
	$ 4,526,058	$ 3,126,927	$ 4,230,124	$ 4,337,097	$ 5,256,773	$ 8,168,344
	20,844,894	20,466,809	21,410,618	21,306,312	23,039,603	24,614,274
	10,236,270	10,304,959	10,890,525	10,845,533	11,142,994	12,112,717
	5,044,657	4,592,603	4,873,864	4,655,157	4,756,586	5,174,276
	2,051,488	1,707,178	2,099,507	1,980,775	2,146,970	2,328,484
	42,703,367	40,198,476	43,504,638	43,124,874	46,342,926	52,398,095
	17,391,811	17,502,966	18,163,625	18,757,469	19,752,412	20,384,872
	602,273	610,975	653,428	730,385	689,554	879,123
	1,611,672	1,850,420	2,118,967	2,024,417	2,004,236	2,362,568
	19,605,756	19,964,361	20,936,020	21,512,271	22,446,202	23,626,563
	$ 62,309,123	$ 60,162,837	$ 64,440,658	$ 64,637,145	$ 68,789,128	$ 76,024,658
	$ 39,950	$ 11,140	$ 14,015	$ 14,900	$ 22,670	$ 18,470
	3,195,869	2,877,874	3,520,712	3,150,918	3,278,888	3,551,541
	1,261,039	1,226,934	1,151,018	1,144,472	1,004,909	1,156,952
	596,443	629,575	655,304	657,700	630,248	682,420
	1,532,532	1,550,145	844,446	669,691	738,969	862,969
	728,462	435,849	78,548	78,875	28,803	218,830
	7,354,295	6,731,517	6,264,043	5,716,556	5,704,487	6,491,182
	20,380,121	19,232,852	19,814,150	19,031,909	19,609,118	19,892,629
	1,093,535	1,076,413	1,081,300	1,086,935	1,094,476	1,098,287
	1,300,577	1,675,759	2,031,709	2,003,045	1,927,152	2,553,445
	-	-	-	-	-	44,622
	-	-	616,666	114,148	680,309	693,753
	22,774,233	21,985,024	23,543,825	22,236,037	23,311,055	24,282,736
	$ 30,128,528	$ 28,716,541	$ 29,807,868	$ 27,952,593	$ 29,015,542	$ 30,773,918

City of Hurst, Texas
Changes in Net Position, Last Ten Fiscal Years (Continued)
(accrual basis of accounting)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
Net (Expense)/Revenue				
Governmental activities	$ (30,217,364)	$ (33,842,000)	$ (34,285,157)	$ (32,406,997)
Business-type activities	(771,159)	383,543	329,938	(1,573,263)
Total primary government net expense	$ (30,988,523)	$ (33,458,457)	$ (33,955,219)	$ (33,980,260)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes, penalty and interest	$ 11,402,199	$ 12,057,602	$ 12,580,510	$ 12,325,131
Sales taxes	18,096,683	17,751,935	16,404,613	17,060,525
Franchise taxes	2,913,152	2,893,507	3,037,070	2,970,646
Occupancy taxes	385,441	488,462	477,539	485,037
Interest	3,607,666	3,089,803	2,374,027	883,025
Miscellaneous	2,111,464	1,772,131	238,641	2,390,790
Transfers	-	-	775,687	(518,320)
Total governmental activities	38,516,605	38,053,440	35,888,087	35,596,834
Business-type activities:				
Interest	956,364	715,963	478,868	214,231
Miscellaneous	306,267	450,766	439,075	9,400
Transfers	-	-	(775,687)	518,320
Total business-type activities	1,262,631	1,166,729	142,256	741,951
Total primary government	$ 39,779,236	$ 39,220,169	$ 36,030,343	$ 36,338,785
Change in Net Position				
Governmental activities	$ 8,299,241	$ 4,211,440	$ 1,602,930	$ 3,189,837
Business-type activities	491,472	1,550,272	472,194	(831,312)
Total primary government	$ 8,790,713	$ 5,761,712	$ 2,075,124	$ 2,358,525

TABLE A-2

	Fiscal Year					
	2011	**2012**	**2013**	**2014**	**2015**	**2016**
	$ (35,349,072)	$ (33,466,959)	$ (37,240,595)	$ (37,408,318)	$ (40,638,439)	$ (45,906,913)
	3,168,477	2,020,663	2,607,805	723,766	864,853	656,173
	$ (32,180,595)	$ (31,446,296)	$ (34,632,790)	$ (36,684,552)	$ (39,773,586)	$ (45,250,740)
	$ 12,533,019	$ 12,393,133	$ 13,191,743	$ 13,545,880	$ 14,087,316	$ 13,982,919
	18,130,410	18,502,765	18,419,603	19,376,108	20,716,458	20,685,644
	3,127,482	2,965,411	2,953,568	3,088,049	3,038,771	2,967,123
	550,589	589,551	593,921	565,970	646,284	716,281
	632,620	417,154	396,545	318,888	275,954	385,477
	657,629	800,643	784,102	513,042	1,172,033	280,870
	257,503	(512,570)	38,331	-	76,667	180,384
	35,889,252	35,156,087	36,377,813	37,407,937	40,013,483	39,198,698
	183,569	141,843	117,280	102,566	104,120	132,649
	169,481	123,959	-	-	-	-
	(257,503)	512,570	(38,331)	-	(76,667)	(180,384)
	95,547	778,372	78,949	102,566	27,453	(47,735)
	$ 35,984,799	$ 35,934,459	$ 36,456,762	$ 37,510,503	$ 40,040,936	$ 39,150,963
	$ 540,180	$ 1,689,128	$ (862,782)	$ (381)	$ (624,956)	$ (6,708,215)
	3,264,024	2,799,035	2,686,754	826,332	892,306	608,438
	$ 3,804,204	$ 4,488,163	$ 1,823,972	$ 825,951	$ 267,350	$ (6,099,777)

City of Hurst, Texas
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010
General Fund				
Nonspendable	$ -	$ -	$ -	$ 2,586
Restricted	-	-	-	1,267,140
Committed	-	-	-	323,735
Assigned	-	-	-	632,498
Unassigned	-	-	-	7,122,679
Reserved	1,381	1,864	-	-
Unreserved	10,723,430	11,271,171	9,369,330	-
Total general fund	$ 10,724,811	$ 11,273,035	$ 9,369,330	$ 9,348,638
All Other Governmental Funds				
Nonspendable	$ -	$ -	$ -	$ 237,712
Restricted	-	-	-	22,448,965
Committed	-	-	-	-
Assigned	-	-	-	16,971,027
Unassigned	-	-	-	-
Reserved	2,601,148	2,780,613	2,939,139	-
Unreserved, reported in:				
Special revenue funds	15,497,607	15,462,738	13,241,986	-
Capital projects funds	37,626,650	49,695,649	42,140,667	-
Total all other governmental funds	$ 55,725,405	$ 67,939,000	$ 58,321,792	$ 39,657,704

Note: The City changed the classifications used to report fund balances when it implemented GASB Statement 54 in fiscal year 2011 and applied retrospectively to the comparative information shown for fiscal year 2010.

TABLE A-3

Fiscal Year 2011	2012	2013	2014	2015	2016
$ 1,803	$ 1,883	$ 1,883	$ 1,883	$ 1,883	$ 1,883
1,259,818	1,601,639	1,637,359	1,854,120	2,344,861	3,104,302
380,220	335,771	255,713	198,349	305,069	365,042
664,696	653,976	519,597	560,867	586,595	581,219
7,073,761	7,452,789	7,616,609	8,389,715	9,049,255	9,172,096
-	-	-	-	-	-
-	-	-	-	-	-
$ 9,380,298	$ 10,046,058	$ 10,031,161	$ 11,004,934	$ 12,287,663	$ 13,224,542
$ 237,712	$ -	$ -	$ -	$ -	$ -
18,462,642	34,575,812	28,314,389	24,936,284	19,363,093	21,662,950
-	-	-	-	-	-
17,475,636	19,607,928	21,302,952	22,228,199	18,697,454	17,066,513
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 36,175,990	$ 54,183,740	$ 49,617,341	$ 47,164,483	$ 38,060,547	$ 38,729,463

City of Hurst, Texas
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010
Revenues				
Taxes (see table A-5)	$ 32,807,801	$ 33,193,748	$ 32,472,549	$ 32,837,927
Licenses/permits	672,220	648,096	565,492	734,734
Support from governmental entities	576,692	761,022	862,012	2,440,230
Charges for services	1,727,406	1,874,505	1,899,484	1,913,155
Fines and fees	2,134,395	1,989,392	2,030,024	2,083,728
Interest	3,087,167	2,130,792	2,295,943	873,080
Miscellaneous	1,744,748	1,341,244	184,025	1,741,151
Total revenues	42,750,429	41,938,799	40,309,529	42,624,005
Expenditures				
General government	2,027,721	2,492,026	2,534,972	2,261,416
Public safety	18,308,795	19,113,998	19,365,968	19,194,093
Culture and recreation	7,483,935	8,146,211	7,738,575	7,857,643
Public works	2,342,796	2,674,546	1,983,242	1,892,440
Capital outlay	5,239,085	7,194,398	18,352,790	28,151,295
Debt service				
Principal	2,057,449	2,363,367	2,559,286	2,465,204
Interest	1,376,796	1,533,234	2,051,053	1,957,078
Total expenditures	38,836,577	43,517,780	54,585,886	63,779,169
Excess of revenues over (under) expenditures	3,913,852	(1,578,981)	(14,276,357)	(21,155,164)
Other Financing Sources (Uses)				
Capital lease	-	-	-	2,164,583
Proceeds from borrowing	6,100,000	14,320,000	2,030,000	-
Proceeds from refunding	-	-	2,600,000	-
Premium on bond issuance	117,105	20,800	34,757	-
Payments to escrow agent	-	-	(2,585,000)	-
Transfers in	4,309,940	3,295,719	6,397,466	5,619,616
Transfers out	(4,389,940)	(3,295,719)	(5,721,779)	(5,313,815)
Total other financing sources (uses)	6,137,105	14,340,800	2,755,444	2,470,384
Net change in fund balances	$ 10,050,957	$ 12,761,819	$ (11,520,913)	$ (18,684,780)
Debt service as a percentage of noncapital expenditures	10.35%	10.94%	12.53%	7.61%

TABLE A-4

Fiscal Year 2011	2012	2013	2014	2015	2016
$ 34,332,945	$ 34,492,773	$ 35,218,498	$ 36,605,578	$ 38,494,929	$ 38,414,972
640,068	664,545	713,052	725,334	707,089	782,782
2,241,677	1,977,424	921,963	745,240	767,772	874,576
1,927,918	1,836,085	2,003,246	1,893,181	1,699,806	2,035,396
2,224,380	2,460,599	2,631,489	2,520,998	2,405,478	2,448,040
475,670	495,265	384,411	261,494	218,049	313,953
593,525	1,239,389	583,476	507,367	1,068,886	543,025
42,436,183	43,166,080	42,456,135	43,259,192	45,362,009	45,412,744
3,010,139	2,205,316	2,164,066	2,315,113	2,976,887	3,268,525
19,690,902	19,206,211	19,999,125	20,214,409	20,798,447	21,506,049
8,329,136	8,346,440	8,685,188	8,434,981	8,436,777	9,344,037
1,656,102	1,513,196	1,753,187	1,540,946	1,754,088	2,095,586
7,622,738	4,253,081	8,128,080	14,132,822	15,866,943	6,787,480
2,711,122	3,112,129	3,218,161	3,327,924	3,459,807	3,134,902
1,833,400	1,857,766	2,162,350	2,089,622	2,206,311	2,287,885
44,853,539	40,494,139	46,110,157	52,055,817	55,499,260	48,424,464
(2,417,356)	2,671,941	(3,654,022)	(8,796,625)	(10,137,251)	(3,011,720)
-	-	-	-	490,105	-
-	15,565,000	-	7,355,000	2,625,000	4,905,000
6,465,000	1,810,000	-	5,705,000	3,235,000	11,240,000
214,911	1,355,339	-	603,685	574,285	1,931,800
(7,573,039)	(1,996,858)	-	(5,984,367)	(3,505,346)	(12,517,062)
4,514,611	4,382,005	4,118,286	4,084,294	3,475,606	3,414,597
(4,654,181)	(5,113,917)	(5,045,560)	(4,446,072)	(4,578,606)	(4,356,820)
(1,032,698)	16,001,569	(927,274)	7,317,540	2,316,044	4,617,515
$ (3,450,054)	$ 18,673,510	$ (4,581,296)	$ (1,479,085)	$ (7,821,207)	$ 1,605,795
12.22%	13.71%	14.27%	14.13%	13.98%	12.93%

City of Hurst, Texas
Tax Revenues by Source, Governmental Funds, Last Ten Fiscal Years **TABLE A-5**
(modified accrual basis of accounting)

Fiscal Year	Property	Sales/ Occupancy	Mixed Beverage	Franchise	Total
2007	$ 11,412,525	$ 18,381,614	$ 100,510	$ 2,913,152	$ 32,807,801
2008	12,059,844	18,139,071	101,326	2,893,507	33,193,748
2009	12,553,327	16,784,404	97,748	3,037,070	32,472,549
2010	12,321,719	17,443,126	102,436	2,970,646	32,837,927
2011	12,524,464	18,572,224	108,775	3,127,482	34,332,945
2012	12,435,046	18,996,433	95,883	2,965,411	34,492,773
2013	13,251,406	18,921,380	92,144	2,953,568	35,218,498
2014	13,575,451	19,823,691	118,387	3,088,049	36,605,578
2015	14,093,416	21,219,368	143,374	3,038,771	38,494,929
2016	14,045,924	21,262,957	138,968	2,967,123	38,414,972
Change 2007-2016	23.07%	15.68%	38.26%	1.85%	17.09%

City of Hurst, Texas
Appraised Value of Property, **TABLE B-1**
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended 30-Sep	Residential Property	Commercial Property	Industrial Property	Appraised Value	Tax-Exempt Property	Total Direct Tax Rate
2007	$ 1,552,226	$ 989,333	$ 30,726	$ 2,572,285	$ 248,238	0.518
2008	1,600,235	1,013,498	29,906	2,643,640	240,201	0.535
2009	1,612,834	1,021,395	33,316	2,667,545	230,114	0.535
2010	1,606,422	993,369	33,263	2,633,054	232,761	0.535
2011	1,576,336	932,584	32,531	2,541,451	242,157	0.578
2012	1,572,194	932,314	31,484	2,535,992	244,648	0.578
2013	1,581,124	947,359	42,682	2,571,165	248,574	0.608
2014	1,607,262	988,250	36,291	2,631,803	246,939	0.608
2015	1,685,063	1,034,091	40,550	2,759,704	251,249	0.606
2016	1,587,424	975,963	34,254	2,597,641	238,300	0.611

Source: Tarrant County Appraisal District.

Assessed value is 100% of actual value

City of Hurst, Texas
Direct and Overlapping Property Tax Rates, **TABLE B-2**
Last Ten Fiscal Years
(rate per $100 of assessed value)

	City Direct Rates			Overlapping Rates [a]			
Fiscal Year	Basic Rate	General Debt Service	Total Direct Rate	HEB School District	Tarrant County	Hospital	Tarrant County College
2007	0.408070	0.109930	0.518	1.59759	0.27150	0.23540	0.13938
2008	0.409554	0.125446	0.535	1.30371	0.26650	0.23040	0.13938
2009	0.405103	0.129897	0.535	1.29545	0.26400	0.22790	0.13796
2010	0.409791	0.125209	0.535	1.29545	0.26400	0.22790	0.13767
2011	0.445284	0.132716	0.578	1.28819	0.26400	0.22790	0.13764
2012	0.445369	0.132631	0.578	1.41400	0.26400	0.22790	0.14897
2013	0.445369	0.163128	0.608	1.40750	0.26400	0.22790	0.14897
2014	0.445369	0.163128	0.608	1.38750	0.26400	0.22790	0.14950
2015	0.460829	0.145171	0.606	1.37500	0.26400	0.22790	0.14950
2016	0.474277	0.136284	0.611	1.35000	0.26400	0.22790	0.14950

Source: Tarrant County Appraisal District.

Notes: The City's basic property tax rate must be set according to the State of Texas' Truth-in-Taxation and other applicable laws. Truth-in-Taxation requires an effective and rollback tax rate calculation to be performed and under certain conditions the rates must be published locally. If the City Council adopts a tax rate above the rollback rate (the calculated rate required to generate 8% more operating funds than earned in the previous year), then citizens can call for a rollback election to reduce the tax rate. Rates for debt service are not subject to rollback election and are set based on each year's requirements. The State of Texas does limit the City's overall tax rate to $2.50 per $100 valuation while the City's Charter limits the overall tax rate to $1.50 per $100 valuation.

[a] Overlapping rates are those of local and county governments that apply to property owners within the City of Hurst. Not all overlapping rates apply to all Hurst property owners. In fact, some Hurst property owners pay taxes to the Birdville or Grapevine-Colleyville Independent School Districts. HEB ISD is shown above as the vast majority of Hurst residents reside within HEB ISD's boundaries.

City of Hurst, Texas
Principal Property Tax Payers,
Current Year and Nine Years Ago

TABLE B-3

	2007			2016		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Melvin Simon & Assoc Inc	$ 164,893,075	1	7.55%	$ 119,001,901	1	5.38%
Shops at Northeast Mall LLC				61,000,000	2	2.76%
Westdale Hills 2013 Lp				28,222,351	3	1.28%
Wal-Mart Real Estate Bus Trust/Stores Texas LLC	23,416,461	4	1.07%	24,819,559	4	1.12%
Kelly-Moore Paint Co Inc				21,360,000	5	0.97%
Hurst City Apt Partners Ltd	15,480,601	6	0.71%	18,792,223	6	0.85%
Oncor Electric Delivery Co LLC				18,601,291	7	0.84%
Macy's Tx I Lp	14,916,869	8	0.68%	17,901,204	8	0.81%
Pipeline 13 A LP Etal				17,576,569	9	0.80%
Mayfair Station LLC				15,112,371	10	0.68%
Krg Market Street Village	26,404,680	2	1.21%			
Dillard's Department Store	23,984,155	3	1.10%			
500 Grapevine Hwy. Investors LP	19,931,535	5	0.91%			
TXU Electric Delivery Co	15,000,853	7	0.69%			
Somerset Village Partners LP	14,679,332	9	0.67%			
Lowe's Home Centers	14,057,536	10	0.64%			
Total	$ 332,765,097		15.24%	$ 342,387,469		15.49%

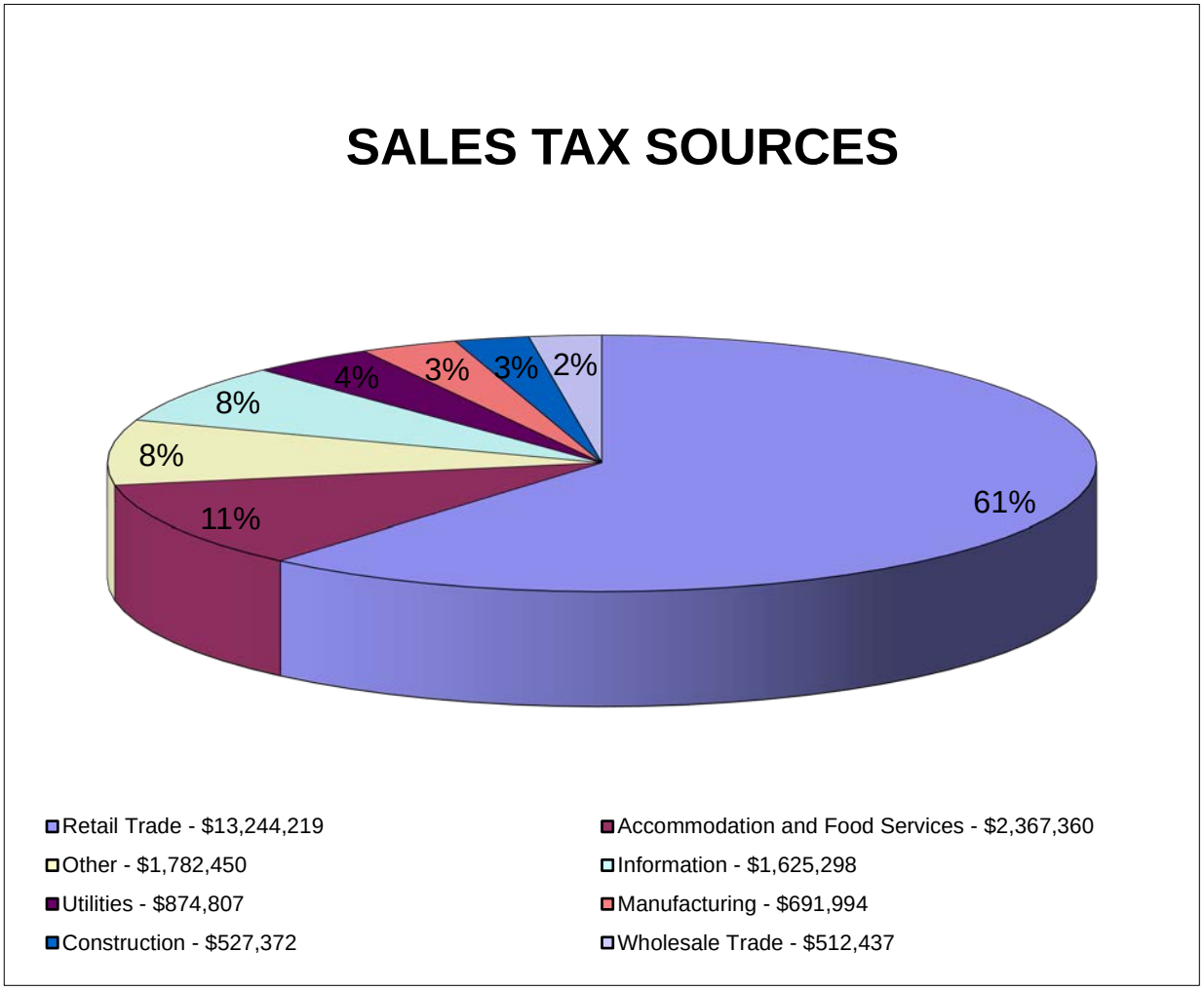
Source: Tarrant Appraisal District

City of Hurst, Texas
Property Tax Levies and Collections, **TABLE B-4**
Last Ten Fiscal Years

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	$ 11,300,418	$ 11,204,478	99.2%	$ 92,225	$ 11,296,703	100.0%
2008	12,046,674	11,932,464	99.1%	45,425	11,977,889	99.4%
2009	12,534,688	12,417,504	99.1%	47,072	12,464,576	99.4%
2010	12,323,931	12,198,061	99.0%	42,725	12,240,786	99.3%
2011	12,515,487	12,376,485	98.9%	68,729	12,445,214	99.4%
2012	12,355,434	12,248,093	99.1%	91,490	12,339,583	99.9%
2013	13,169,789	13,098,911	99.5%	69,952	13,168,863	100.0%
2014	13,492,137	13,408,082	99.4%	75,382	13,483,464	99.9%
2015	14,059,530	13,953,040	99.2%	61,963	14,015,003	99.7%
2016	14,079,556	13,951,219	99.1%	11,772	13,962,991	99.2%

Source: Tarrant County tax assessor and collector

City of Hurst, Texas
Sales Tax Sources by NAICS Code **TABLE B-5**
September 30, 2016



Note: Information provided based on NAICS categories as reported by the State Comptroller. State law prohibits reporting of sales tax information associated with individual taxpayers.

Note: Other category includes Agriculture, Mining, Transportation, Finance, Real Estate, Professional, Management, Administrative and Support, Educational, Health Care, Arts, and Public Administration services.

City of Hurst, Texas
Sales Tax Rate & Sales Tax Revenue **TABLE B-6**
Last Ten Fiscal Years

Fiscal Year Ended 30-Sep	Sales Tax Revenue General Fund	Sales Tax Sharing General Fund	Net Sales Tax Revenue General Fund	Net Sales Tax Revenue ACHCST Fund	Sales Tax Revenue CSHCST Fund	Sales Tax Sharing CSHCST Fund	Net Sales Tax Revenue CSHCST Fund
2007	$ 10,300,917	$ 1,625,292	$ 8,675,625	$ 5,007,488	$ 5,125,706	$ 812,646	$ 4,313,060
2008	10,078,798	1,554,578	8,524,220	4,864,205	5,039,473	777,289	4,262,184
2009	9,295,998	1,468,459	7,827,539	4,565,444	4,648,112	734,230	3,913,882
2010	9,138,934	724,048	8,414,886	4,335,642	4,569,585	362,024	4,207,561
2011	9,548,273	676,706	8,871,567	4,714,199	4,774,222	338,353	4,435,869
2012	9,734,599	703,694	9,030,905	4,860,403	4,867,421	351,847	4,515,574
2013	9,713,270	726,364	8,986,906	4,839,025	4,864,710	363,182	4,501,528
2014	10,086,852	605,778	9,481,074	5,028,717	5,050,819	302,889	4,747,930
2015	10,756,525	630,372	10,126,153	5,358,521	5,387,596	315,186	5,072,410
2016	10,823,317	759,423	10,063,894	5,438,519	5,423,974	379,711	5,044,263

1.00% Local Sales Tax, Effective 7/1/1993
0.50% Community Services Half-Cent Sales Tax, Effective 7/1/1993
0.50% Anti-Crime Half-Cent Sales Tax, Effective 1/1/1996
2.00% Total Local Sales Tax Rate

ACHCST refers to the Anti-Crime Half-Cent Sales Tax Fund
CSHCST refers to the Community Services Half-Cent Sales Tax Fund

Note on Sales Tax Sharing: In August 1996, the City entered into agreements with Southeastern Simon, Inc. under Chapter 380, Texas Local Government Code, to promote new and expanded economic development. Per these agreements, the City will share a portion of the sales tax generated by such new and expanded business with Southeastern Simon, Inc. for a stipulated period of time. Sales tax sharing for the North East Mall expansion project began in fiscal year 2003 and covers a maximum of 20 years. Sales tax sharing for the Shops at North East Mall began in fiscal year 2002 and concluded in fiscal year 2009.

City of Hurst, Texas
Principal Water Customers **TABLE B-7**
September 30, 2016

	Consumption (1,000 Gallons)	Water Amount	Sewer Amount	Total Bill
Westdale Asset Mgr.	42,977	$ 289,893	$ 42,605	$ 332,498
City Of Hurst	36,095	233,169	27,380	260,549
Wellesley Park Apt.	16,422	113,196	85,216	198,412
County Jr Co, Tarrant	24,233	156,750	38,279	195,029
S2 Hamilton, Llc	15,325	106,709	83,072	189,781
Brookwind Ltd.	17,475	119,269	50,437	169,705
Hunter Chase Apartments	11,829	83,745	70,352	154,097
The Gales Of Notting Hill Apts, Gnh Hu	12,734	87,412	63,827	151,240
Apartments, Whispering Run	9,863	67,778	48,639	116,417
Hurst Gardens	7,605	53,575	44,299	97,874
Total	194,558	$ 1,311,496	$ 554,106	$ 1,865,602

City of Hurst, Texas
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(principal only; dollars in thousands, except per capita)

	Governmental Activities				Business-type Activities		
Fiscal Year	General Obligation Bonds	Lease Obligation	Certificates of Obligation	Sales Tax Revenue Bonds	Water Revenue Bonds	Certificates of Obligation	Revenue & General Obligation Refunding
2007	$ 8,485	$ -	$ 18,797	$ 6,545	$ 3,450	$ 10,253	$ 3,525
2008	10,525	-	23,373	11,885	3,130	11,627	3,235
2009	12,410	-	27,729	5,130	-	15,206	5,370
2010	11,380	2,165	27,034	4,390	-	14,566	4,770
2011	13,210	2,165	23,095	2,875	-	11,460	6,490
2012	29,320	1,822	20,300	2,225	-	9,535	6,930
2013	29,404	1,544	19,584	1,555	-	9,013	6,360
2014	30,455	1,256	24,116	1,020	-	6,781	7,392
2015	27,945	1,325	24,425	680	-	6,030	7,440
2016	37,735	896	16,860	445	-	4,515	7,455

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[b] See Table D-1 for personal income and population data.

Percentage of Personal Income is calculated using Total Primary Government divided by personal income.
Per Capita is calculated using Total Primary Government divided by population.

TABLE C-1

Total Primary Government	Percentage of Personal Income [b]	Per Capita [b]
$ 51,055	4.51	$ 1,326
63,775	6.10	1,646
65,845	6.22	1,699
64,305	5.72	1,610
59,295	3.11	1,530
70,132	6.76	1,877
67,460	6.01	1,714
71,020	6.27	1,788
67,845	6.23	1,770
67,906	6.19	1,769

City of Hurst, Texas
Ratios of Net General Bonded Debt to assessed value and
Net Value Bonded Debt Per Capita
Last Ten Fiscal Years
(principal only; dollars in thousands, except per capita)

	General Bonded Debt Outstanding				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Less Debt Service Fund	Net Bonded Debt
2007	$ 8,485	$ 18,797	$ 27,282	$ 459	$ 26,823
2008	10,525	23,373	33,898	485	33,413
2009	12,410	17,333	29,743	507	29,236
2010	11,380	15,654	27,034	514	26,520
2011	13,210	14,959	28,169	496	27,673
2012	29,320	11,230	40,550	449	40,101
2013	29,404	20,300	49,704	1,182	48,522
2014	30,455	19,584	50,039	1,146	48,893
2015	27,945	24,425	52,370	1,084	51,286
2016	37,735	16,860	54,595	997	53,598

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. This schedule includes General Bonded Debt Outstanding for Governmental Activities Only.

[a] See Table B-1 for property value data.

[b] Population data can be found in Table D-1

TABLE C-2

Percentage of Appraised Value [a] of Property	Per Capita [b]
1.0606	$ 581
1.0538	697
1.0330	706
0.9808	711
0.9421	669
1.9348	641
1.8593	1,252
2.0311	1,277
1.8593	1,338
2.0633	1,397

City of Hurst, Texas
Direct and Overlapping Governmental Activities Debt **TABLE C-3**
As of September 30, 2016
(dollars in thousands)

Governmental Unit	Net Debt Outstanding		Estimated Percentage Applicable [a]	Estimated Share of Direct and Overlapping Debt
Direct				
City of Hurst	$ 55,936		100%	$ 55,936
Debt repaid with property taxes				
Hurst-Euless-Bedford Independent School District	255,892		14.77%	37,795
Birdville Independent School District	279,354	*	12.15%	33,941
Grapevine/Colleyville Independent School District	432,190		0.56%	2,420
Tarrant County	352,936		1.74%	6,141
Tarrant County College	22,335	*	1.74%	389
Tarrant County Hospital District	728,705	*	0.26%	1,895
Subtotal, overlapping debt				82,581
Total direct and overlapping debt				$ 138,517

[a] The estimated percentage of overlapping debt applicable is provided by the Municipal Advisory Council of Texas. Overlapping rates are those of local and county governments that apply to property owners within the City. The percentage is estimated using assessed property values within the overlapping jurisdiction's boundaries.

City of Hurst, Texas
Legal Debt Margin Information, **TABLE C-4**

The City of Hurst does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed valuation, for cities operating under a Home Rule Charter. The City's Charter provides that general property taxes are limited to $1.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The City's tax margin for the year ended September 30, 2016 was:

Maximum rate per $100 valuation under Article XI	$	2.500000
City of Hurst's 2015-16 rate		0.611000
Margin	$	1.889000

City of Hurst, Texas
Pledged-Revenue Coverage,
Last Ten Fiscal Years

	Water Revenue Bonds					
Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	$ 15,232,776	$ 13,129,157	$ 2,103,619	$ 450,000	$ 286,503	2.86
2008	17,236,109	14,224,391	3,011,718	320,000	161,730	6.25
2009	17,107,551	14,327,423	2,780,128	335,000	145,930	5.78
2010	17,387,284	16,538,863	848,421	-	-	-
2011	20,557,055	17,385,994	3,171,061	-	-	-
2012	19,365,425	17,463,816	1,901,609	-	-	-
2013	19,922,694	18,004,763	1,917,931	-	-	-
2014	19,125,902	18,556,729	569,173	-	-	-
2015	19,686,799	19,483,803	202,996	-	-	-
2016	20,145,243	20,259,538	(114,295)	-	-	-

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[a] Sales tax revenue bonds are backed by the sales tax revenue produced by the Half-Cent Community Services Development Corporation (HCCSDC).

[b] Excludes one-time, pay-as-you-go capital project costs.

TABLE C-5

Sales Tax Revenue Bonds [a]					
HCCSDC Sales Tax Revenue	Less: Operating Expenses [b]	Net Available Revenue	Debt Service		
			Principal	Interest	Coverage
$ 4,313,060	$ 2,183,025	$ 2,130,035	$ 670,000	$ 287,091	2.23
4,262,184	2,258,050	2,004,134	695,000	258,660	2.10
3,913,882	2,305,120	1,608,762	720,000	237,778	1.68
4,207,561	2,224,925	1,982,636	740,000	214,098	2.08
4,435,869	2,522,416	1,913,453	630,000	17,291	2.96
4,515,574	2,448,519	2,067,055	650,000	69,000	2.87
4,501,528	2,467,786	2,033,742	670,000	53,400	2.81
4,747,930	2,409,652	2,338,278	535,000	37,320	4.09
5,072,410	2,525,601	2,546,809	340,000	24,480	6.99
5,044,263	3,028,990	2,015,273	235,000	16,320	8.02

City of Hurst, Texas
Demographic and Economic Statistics,
Last Ten Calendar Years **TABLE D-1**

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2007	38,500	$ 1,034,572	$ 26,872	37.4	13.8	6,317	4.3%
2008	38,750	1,044,971	26,967	37.1	13.5	6,425	4.8%
2009	38,750	1,059,076	27,331	36.9	13.5	6,532	7.5%
2010	38,600	1,085,934	28,133	36.9	13.5	6,688	7.7%
2011	37,330	1,050,205	28,133	38.2	13.5	6,756	7.6%
2012	37,360	1,036,516	27,744	38.8	13.5	6,265	6.0%
2013	38,194	1,088,987	28,512	38.8	13.5	6,521	5.8%
2014	38,280	1,091,439	28,512	38.8	13.5	6,636	4.9%
2015	38,340	1,089,354	28,413	37.9	13.2	6,707	3.8%
2016	38,380	1,097,054	28,584	38.3	13.2	6,897	4.1%

Sources: Population provided by the North Central Texas Council of Governments. Median age, education level, and personal income data provided by CLARITAS. Unemployment data provided by Texas Workforce Commission. School enrollment data provided by Texas Education Agency.

Note: Personal income is in thousands

City of Hurst, Texas
Principal Employers,
Current Year and Nine Years Ago

TABLE D-2

	2007			2016		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Bell Helicopter Textron, Inc.	5,500	1	27.56%	3,800	1	18.40%
North East Mall (Collective employment of stores other than major employers listed)	400	4	2.00%	1,706	2	8.26%
Shops at Northeast Mall (Outside)	450	3	2.25%	800	3	3.87%
Tarrant County College	490	2	2.46%	575	4	2.78%
Walmart Supercenter	369	6	1.85%	479	5	2.32%
City of Hurst	335	7	1.68%	400	6	1.94%
Dillard's Department Store	400	5	2.00%	338	7	1.64%
Macy's				231	8	1.12%
J.C. Penney Company	250	8	1.25%	225	9	1.09%
Target Superstore	230	9	1.15%	210	10	1.02%
Nordstrom's	190	10	0.95%			
Total	8,614		43.16%	8,764		42.43%

Source: City Economic Development Division/City Records

City of Hurst, Texas
Full-time Equivalents City Government Employees by Function/Program,
Last Ten Fiscal Years

	Fiscal Year				
Function/Program	**2007**	**2008**	**2009**	**2010**	**2011**
General government					
Management services	7.5	6.5	7.0	7.0	7.0
Finance	9.0	10.0	11.0	11.0	10.0
Planning	2.0	2.0	3.0	3.0	3.0
Building	2.0	2.0	2.0	2.0	2.0
Other	27.5	26.5	27.0	28.0	25.0
Conference center	-	-	-	-	-
Police					
Officers	74.0	74.0	74.0	74.0	74.0
Civilians	47.5	49.5	49.5	51.3	51.3
Fire					
Firefighters and officers	55.0	56.0	56.0	56.0	56.0
Civilians	2.0	1.5	1.5	1.5	1.5
Other public works					
Engineering	9.0	9.0	10.5	10.5	10.5
Other	25.5	25.5	25.0	25.0	25.8
Parks and recreation	67.3	67.3	68.0	68.0	66.3
Library	27.5	27.5	29.0	29.0	30.0
Water	28.0	29.0	29.0	29.0	29.8
Wastewater	9.5	9.5	9.0	9.0	9.0
Total	393.3	395.8	401.5	404.3	401.2

Source: City Personnel Office.

TABLE E-1

Fiscal Year				
2012	**2013**	**2014**	**2015**	**2016**
7.0	8.5	8.5	8.7	7.0
10.0	10.0	10.0	10.0	9.0
6.0	6.0	6.0	6.0	6.0
2.0	2.0	2.0	3.0	2.0
23.5	26.5	26.5	38.2	42.0
-	-	30.0	21.3	24.2
74.0	73.0	72.0	75.0	75.0
51.3	52.5	48.5	54.5	49.5
55.0	60.0	60.0	56.0	56.0
1.5	1.5	1.5	1.9	1.6
7.5	9.0	9.0	8.7	9.2
22.0	22.0	22.0	19.6	19.8
52.0	44.5	44.5	67.2	69.2
31.0	28.5	28.5	27.5	26.7
26.5	26.0	26.0	23.7	23.5
9.0	9.0	9.0	9.0	9.0
378.3	379.0	404.0	430.3	429.7

City of Hurst, Texas
Operating Indicators by Function/Program,
Last Ten Fiscal Years

	Fiscal Year			
Function/Program	**2007**	**2008**	**2009**	**2010**
General government				
Building permits issued				
Commercial				
Number issued	110	93	114	119
Estimated cost	$15,843,690	$19,282,222	$41,935,742	$18,889,983
Residential				
Number issued	26	90	135	144
Estimated cost	$4,673,360	$2,470,978	$1,770,586	$2,626,350
Public safety				
Police				
Physical arrests	3,652	3,645	3,731	3,623
Parking violations	278	213	196	258
Traffic violations	18,376	16,833	16,861	20,990
Fire/Emergency Medical Services				
Emergency responses	4,301	4,382	4,149	4,265
Patients transported	1,979	1,957	1,871	1,959
Fires extinguished	68	118	103	133
Average Response Time:				
Fire	4:00	4:49	4:46	4:43
EMS	4:00	4:42	4:46	4:51
Inspections	1,001	1,200	1,113	812
Public Works				
Street resurfacing (miles)	22.8	27.0	11.7	17.8
Potholes repaired (sq. yards)	210,000	200,000	84,000	63,000
Culture and recreation				
Parks and recreation				
Athletic field reservations issued	125	100	141	86
Recreation center admissions	386,676	407,727	439,814	421,416
Library				
Volumes in collection	141,223	140,226	141,476	135,206
Total volumes borrowed	441,187	424,561	428,121	420,664
Water and sewer				
Water customer billings at 9/30	-	12,094	12,238	12,245
Water main breaks	48	36	34	28
Average daily consumption (millions of gallons)	4.86	5.66	5.32	5.90

Sources: Various city departments.

TABLE E-2

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
134	156	165	136	111	123
$15,979,899	$20,436,524	$53,890,287	$14,761,218	$34,515,346	$35,918,137
121	92	141	144	128	191
$2,212,308	$2,310,930	$3,994,351	$4,787,971	$3,111,349	$4,831,284
3,353	3,250	3,088	2,857	2,897	2,592
469	421	186	141	197	152
17,602	16,311	14,161	17,894	15,996	15,327
4,503	4,735	4,597	4,468	4,702	4,811
2,023	2,281	2,209	2,170	2,040	2,267
171	118	106	91	86	112
4:47	5:03	4:36	5:11	5:01	5:06
4:45	4:45	4:43	5:06	5:03	4:28
988	1463	1545	1,412	847	579
17.8	7.6	9.3	5.32	8.37	6.9
65,000	52,000	43,000	26,000	11,537	12,200
129	184	120	88	92	87
341,228	342,961	368,034	296,719	290,380	281,861
143,544	150,197	160,844	161,608	142,851	145,474
387,486	428,484	444,705	434,205	405,826	378,417
12,240	12,155	11,526	12,237	12,226	12,257
36	38	38	56	84	40
5.92	5.63	5.65	5.16	4.96	4.90

City of Hurst, Texas
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years

	Fiscal Year Ended				
Function/Program	**2007**	**2008**	**2009**	**2010**	**2011**
Police					
Stations	1	1	1	1	1
Store fronts	2	2	2	2	2
Patrol units	32	26	26	28	26
Fire stations	3	3	3	3	3
Other public works					
Streets (miles)	140	140	140	141	146
Traffic signals	49	49	50	50	41
Parks and recreation					
Acreage	288	288	290	290	280
Playgrounds	15	15	15	16	16
Family aquatic centers	2	2	2	2	2
Water					
Water mains (miles)	198.00	198.00	199.70	200.0	211.0
Fire hydrants	1,257	1,257	1,260	1,269	1,268
Storage capacity (millions of gallons)	9.40	9.40	9.40	9.40	8.90
Wastewater					
Sanitary sewers (miles)	174.50	174.50	164.50	163.00	156.00
Storm sewers (miles)	76.00	76.00	77.00	86.00	86.00

Sources: Various city departments.

TABLE E-3

Fiscal Year Ended				
2012	**2013**	**2014**	**2015**	**2016**
1	1	1	1	1
2	2	2	3	2
29	30	30	27	26
3	3	3	3	3
146	146	146	146	148
41	41	55	55	56
280	280	280	290	280
16	16	16	16	16
2	2	2	2	2
202.5	204.0	199.0	201.1	204.0
1,196	1,268	1,205	1,233	1,226
8.90	8.30	8.00	9.40	9.40
155.00	156.00	154.20	153.06	154.50
86.00	86.00	86.00	88.95	86.00

CITY OF HURST
TEXAS